

Fuel Retail

HOLD: 12M TP @ 15.50

Upside +1.3%

Valuation Summary (TTM)

Price (QAR)	15.30
PER TTM (x)	14.8
P/Book (x)	1.7
P/Sales (x)	0.6
EV/Sales (x)	0.5
EV/EBITDA (x)	14.3
Dividend Yield (%)	6.5
Free Float (%)	60%
Shares O/S (mn)	994
YTD Return (%)	2%
Beta	0.7

(mn)	QAR	USD
Market Cap	15,172	4,162
Enterprise value	14,345	3,873

Price performance (%)	1M	3M	12M
Qatar Fuel QSC	5%	3%	3%
Qatar Exchange Index	4%	7%	6%
Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (QAR ,000)	9,490	9,373	9,891
Avg Daily Volume (,000)	666	628	664
52 week	High	Low	CTL*
Price (QAR)	15.57	13.37	14.4

* CTL is % change in CMP to 52wk low

Major shareholders

QatarEnergy	20.0%
General Retirement a	15.4%
GENERAL MILIT RETIR	5.0%
Others	59.6%

Other details

Exchange	Qatar
Sector	Fuel Retail
Index weight (%)	4.3%

Key ratios	2022	2023	2024
EPS (QAR)	1.11	0.99	1.06
BVPS (QAR)	9.25	9.36	9.01
DPS (QAR)	0.90	0.90	1.00
Payout ratio (%)	81%	91%	94%



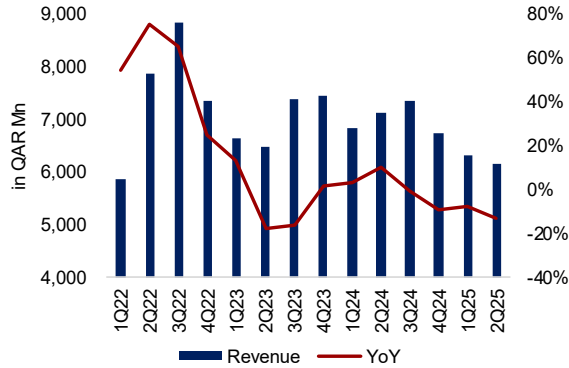
Qatar Fuel – volume and price decline

Qatar Fuel (QFLS) reported 2Q25 revenue of QAR 6.15 billion, marking the lowest in eleven quarters and falling short of our estimate by 9.8%. Revenue declined by 13.5% YoY, driven by flat volumes and lower fuel prices. Overall volumes rose slightly by 1.5% YoY to 2.8 billion liters, with the number of fuel stations unchanged at 125. Diesel volumes increased by 1%, while gasoline volumes grew 4.9%. However, jet fuel the company's most significant segment, accounting for 54.2% of total volume remained largely flat. The decline in global crude prices during the quarter led to lower fuel prices across the board. Diesel prices dropped by 4.3% YoY, while super and premium gasoline prices fell by 2.86% and 1.5%, respectively. Most notably, jet fuel prices declined 15% YoY. As a result, the average sales price dropped by 10% in 1H25, leading to a 10.5% YoY decline in revenue for the period.

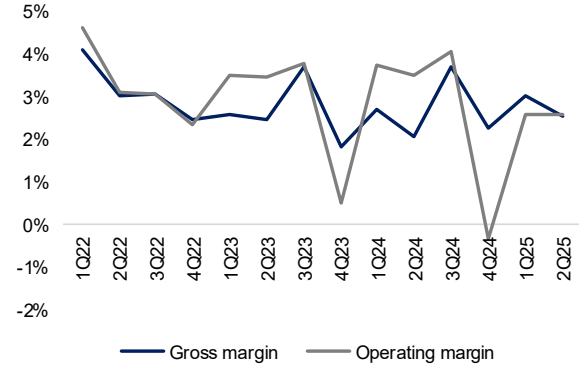
Gross margin in 2Q25 improved by 46 basis points (bps) YoY, resulting in a 6% increase in gross profit. Operating expenses remained stable, with no notable expansion in cost structure. Other income was consistent with the previous quarter but significantly lower compared to 2Q24. Finance income continued to meaningfully support the bottom line, benefiting from QAR 2.2 billion in cash reserves and investment returns. Finance income was in line with our expectations and comparable to previous quarters. Net profit for 2Q25 stood at QAR 240 million, 4.3% below our forecast and down 3.2% YoY. For 1H25, net profit totaled QAR 482 million, a 4.3% decline YoY. Despite the minor shortfall, we maintain our full-year revenue estimate at QAR 26.3 billion and net profit forecast of QAR 1.06 billion. Our fair value estimate remains unchanged at QAR 15.50 per share. We have factored in a slightly higher risk premium due to increasing geopolitical tensions in the region. At current levels, the stock offers a 6.6% dividend yield and trades at 14.3x 2025e EPS. Given the valuation, we recommend a HOLD rating.

Outlook: The current quarter was impacted by both lower volumes and decline in prices which led to a slip in top line. Slight improvement in margins and consistent recurring income helped prop up the bottom line. We believe fuel demand in Qatar has reached a state of saturation and we volume growth is not likely to exceed single digits. QFLS has installed 25 EV stations which is likely to further reduce the use of conventional fuels. The company is likely to continue in the current flattish growth trajectory. QFLS can be considered for its consistent dividend yield and defensive business model.

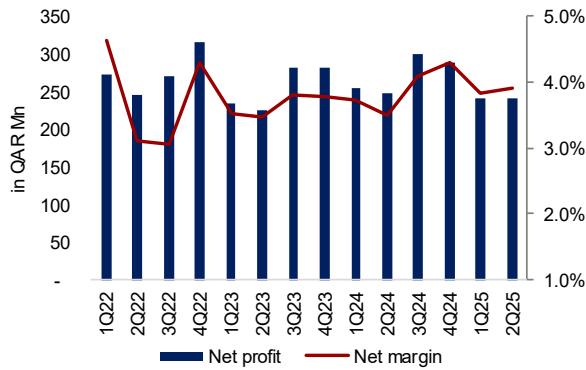
Revenue decline continues on flattish volumes



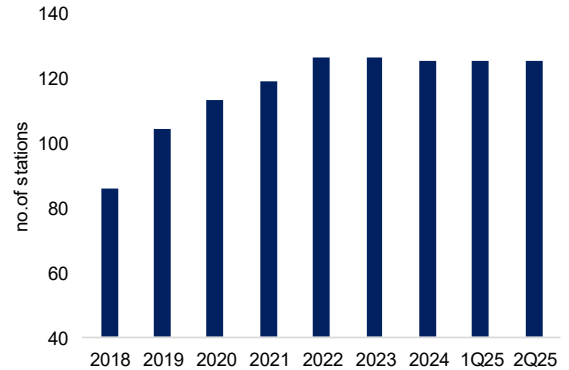
Margins striving to rise but largely stable



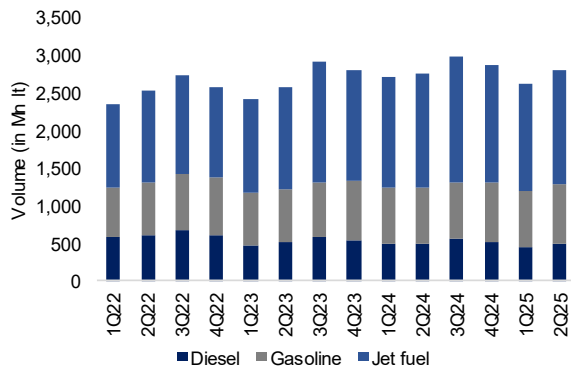
Net margins stable and in line with past quarters



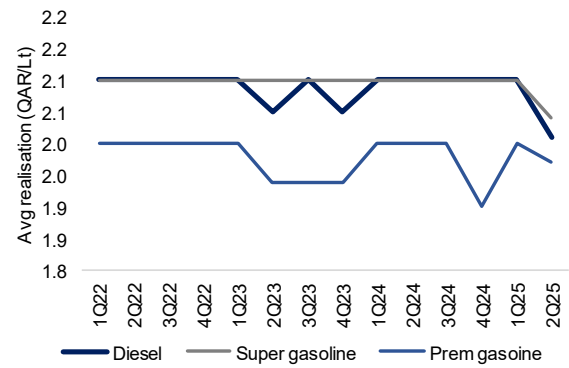
No additional fuel stations in 2Q25



Overall volumes flattish in 2Q25



Prices decline slightly during the quarter



Income Statement (in QAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Revenue	19,531	29,935	27,933	28,002	26,325	28,663	29,380	30,114
Direct costs	-18,597	-29,005	-27,194	-27,245	-25,499	-27,803	-28,499	-29,211
Gross profit	935	930	739	757	826	860	881	903
SG&A	-284	-235	-230	-234	-257	-287	-235	-241
Other operating expenses	12	-4	16	-	-	-	-	-
Other income	221	269	253	258	180	250	250	250
Operating profit	883	960	777	781	749	823	896	913
EBITDA	1,106	1,183	1,028	1,029	985	1,112	1,219	1,270
Finance income	120	141	243	311	301	300	300	300
Finance costs	-	-	-	-	-	-	-	-
Impairment provision/reversal	-	-	-	-	11	-	-	-
Profit before tax	1,002	1,101	1,020	1,092	1,061	1,123	1,196	1,213
Tax expense	-	-	-	-	-	-	-	-
Net profit for the period	1,002	1,101	1,020	1,092	1,061	1,123	1,196	1,213

Balance Sheet (in QAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Property, plant and equipment	3,149	3,306	3,261	3,133	3,130	3,135	3,138	3,141
Right-of-use assets	147	107	120	142	1,631	2,084	2,522	2,945
Goodwill and intangible assets	135	140	140	144	144	144	144	144
Investment properties	900	895	860	845	845	845	845	845
Investments	4,106	3,641	3,878	4,429	4,429	4,429	4,429	4,429
Total non-current assets	8,438	8,089	8,259	8,693	10,178	10,636	11,078	11,503
Trade and other current receivables	2,356	2,217	2,144	1,979	1,974	2,150	2,203	2,259
Inventory	448	705	592	637	637	695	712	730
Prepayments and other receivables	158	135	147	145	132	143	147	151
Cash and bank balances	1,908	3,265	3,417	2,624	2,407	2,659	2,782	2,883
Total current assets	4,870	6,321	6,299	5,385	5,150	5,647	5,845	6,022
TOTAL ASSETS	13,308	14,410	14,558	14,078	15,329	16,283	16,923	17,526
Share capital	994	994	994	994	994	994	994	994
Reserves	1,244	913	1,053	1,024	1,045	1,045	1,045	1,045
Retained earnings	6,801	7,290	7,254	6,940	7,006	7,122	7,251	7,327
Total equity	9,039	9,197	9,301	8,958	9,046	9,161	9,290	9,366
Non-controlling interests	138	115	112	107	138	140	141	143
Net equity	9,177	9,313	9,414	9,065	9,184	9,301	9,432	9,509
Lease liabilities	110	82	92	115	1,513	1,943	2,360	2,761
Other non current liabilities	25	26	32	37	133	133	133	133
Prov employees' end of service benefit	98	114	118	127	129	143	118	120
Total non-current liabilities	232	222	242	278	1,774	2,219	2,610	3,014
Lease liabilities	41	29	30	36	36	36	36	36
Trade and other payables	3,857	4,847	4,872	4,699	4,335	4,727	4,845	4,966
Borrowings	-	-	-	-	-	-	-	-
Total current liabilities	3,898	4,876	4,902	4,736	4,371	4,763	4,881	5,002
Total liabilities	4,131	5,098	5,144	5,014	6,145	6,982	7,491	8,017
TOTAL EQUITY AND LIABILITIES	13,308	14,410	14,558	14,078	15,329	16,283	16,923	17,526

Cash Flow (in QAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Cash from operations	1,456	1,999	1,137	879	658	1,286	1,240	1,321
Investing cash flow	-1,080	683	111	-294	119	-25	-49	-82
Financing cash flow	-552	-853	-996	-1,378	-994	-1,008	-1,067	-1,137
Change in cash	-343	1,357	152	-793	-217	252	123	101
Beginning cash	2,251	1,908	3,265	3,417	2,624	2,407	2,659	2,782
Ending cash	1,908	3,265	3,417	2,624	2,407	2,659	2,782	2,883

Ratio Analysis	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Per Share								
EPS (QAR)	1.01	1.11	0.99	1.06	1.07	1.13	1.20	1.22
BVPS (QAR)	9.09	9.25	9.36	9.01	9.10	9.21	9.34	9.42
DPS (QAR)	0.76	0.90	0.90	1.00	1.01	1.07	1.14	1.16
FCF per share (QAR)	0.38	2.70	1.26	0.59	0.78	1.27	1.20	1.25
Valuation								
Market Cap (QAR Mn)	18,175	17,847	15,759	14,914	14,894	14,894	14,894	14,894
EV (QAR Mn)	16,418	14,693	12,464	12,441	14,036	14,215	14,508	14,809
EBITDA	1,106	1,183	1,028	1,029	985	1,112	1,219	1,270
P/E (x)	18.1	16.2	16.0	14.2	14.0	13.3	12.4	12.3
EV/EBITDA (x)	14.8	12.4	12.1	12.1	14.3	12.8	11.9	11.7
Price/Book (x)	2.0	1.9	1.7	1.7	1.6	1.6	1.6	1.6
Dividend Yield (%)	4.2%	5.0%	5.7%	6.7%	6.8%	7.2%	7.6%	7.7%
Price to sales (x)	0.9	0.6	0.1	0.5	0.6	0.5	0.5	0.5
EV to sales (x)	0.8	0.5	0.1	0.4	0.5	0.5	0.5	0.5
Liquidity								
Cash Ratio (x)	0.49	0.67	0.70	0.55	0.55	0.56	0.57	0.58
Current Ratio (x)	1.25	1.30	1.29	1.14	1.18	1.19	1.20	1.20
Quick Ratio (x)	1.13	1.15	1.16	1.00	1.03	1.04	1.05	1.06
Returns Ratio								
ROA (%)	7.5%	7.6%	7.0%	7.8%	6.9%	6.9%	7.1%	6.9%
ROE (%)	10.9%	11.8%	10.8%	12.0%	11.6%	12.1%	12.7%	12.8%
ROCE (%)	10.7%	11.6%	10.6%	11.7%	9.7%	9.8%	9.9%	9.7%
Cash Cycle								
Receivables turnover (x)	8.3	13.5	13.0	14.2	13.3	13.3	13.3	13.3
Inventory turnover (x)	41.5	41.1	45.9	42.7	40.0	40.0	40.0	40.0
Accounts Payable turnover (x)	4.8	6.0	5.6	5.8	5.9	5.9	5.9	5.9
Receivables days	44	27	28	26	27	27	27	27
Inventory days	9	9	8	9	9	9	9	9
Payable Days	76	61	65	63	62	62	62	62
Cash Cycle	-23	-25	-29	-29	-26	-26	-26	-26
Profitability Ratio								
Net Margins (%)	5.1%	3.7%	3.7%	3.9%	4.0%	3.9%	4.1%	4.0%
EBITDA Margins (%)	5.7%	4.0%	3.7%	3.7%	3.7%	3.9%	4.1%	4.2%
PBT Margins (%)	5.1%	3.7%	3.7%	3.9%	4.0%	3.9%	4.1%	4.0%
EBIT Margins (%)	4.5%	3.2%	2.8%	2.8%	2.8%	2.9%	3.1%	3.0%
Leverage								
Total Debt (QAR Mn)	151	111	122	151	1,549	1,980	2,396	2,798
Net Debt (QAR Mn)	-1,757	-3,154	-3,295	-2,473	-858	-679	-386	-85
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.2	0.2	0.3	0.3

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Rating Criteria and Definitions

Rating	Rating Definitions
	<p>Strong Buy 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%</p> <p>Buy 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%</p> <p>Hold 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%</p> <p>Neutral 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%</p> <p>Sell 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%</p> <p>Strong Sell 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%</p> <p>Not rated This recommendation used for stocks which does not form part of Coverage Universe</p>

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