

Result update

Aldrees Petroleum and Transportation Services Co

Sector : Fuel Retail

NEUTRAL

3 November 2025

- Both fuel and transportation grow by 35% YoY in 3Q25 on the back of higher number of fuel stations (+181 YTD) and addition of fleet (+246 YTD).
- Expansion cost weighs on gross margins (-56bps YoY in 3Q25), while operating costs remain stable. Net profit grows in line with revenue and slightly above estimate.
- We upgrade revenue and profit estimates, target price increased to SAR 152.90 per share, rating revised to NEUTRAL on the back of price run up

Fuel revenue rose by 34.9% YoY in 3Q25, driven primarily by volume growth of 22.8% YoY, resulting from the addition of new fuel stations during the period. The company installed 31 new stations in 3Q25 and 181 in 9M25, bringing the total operational stations to 1,231, up from 993 in 3Q24. At this pace, we believe management is on track to achieve its expansion target ahead of schedule. The transportation segment recorded a 35.2% YoY increase in revenue during 3Q25, supported by the addition of 449 vehicles to the fleet compared to the same period last year.

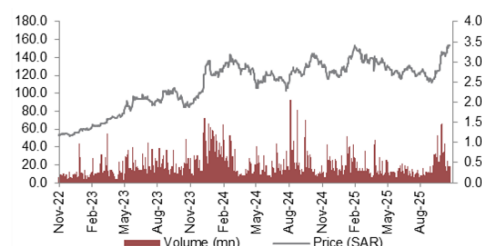
Gross margin declined by 55bps to 3.5% in 3Q25, mainly due to higher expenses from recently added stations. We anticipate further margin pressure in the coming quarters, as most new stations operate under a profit-sharing model, with the partner's share recognized as an expense. This impact is compounded by lower fuel offtake at newly opened stations. At the operating level, costs remained well controlled and consistent with prior periods. The EBITDA margin stood at 4.5% in 3Q25, a 90bps decline YoY. Sukuk income increased to SAR 12mn (vs SAR 6mn in 3Q24), while leasing costs remained stable. Net profit for 3Q25 came in at SAR 114mn, slightly above our estimate. For the 9M25 period, the company reported a net profit of SAR 314mn, representing a 28.3% YoY increase.

Valuation: Aldrees remains the most aggressive fuel retailer in the region in terms of network expansion. The company recently surpassed the milestone of 1,000 outlets and is now progressing toward its new target of 2,000 stations. We believe that during this current phase of rapid growth, margins are being compressed, and throughput at newly opened stations remains below optimal levels. Additionally, the company has been expanding into remote areas, which may limit future volume contributions. We have slightly revised our 2025e revenue and profit estimates upward to SAR 25.3bn and SAR 427mn, respectively, reflecting the faster-than-expected rollout of fuel outlets. This higher forecast results in a target price of SAR 144.30 per share. However, as the stock has rallied following the results, it offers limited upside at current levels. Therefore, we revise our rating to Neutral.

Target price (SAR) **152.90**

Current price (SAR) **144.30**

Return **-5.6%**



Exchange Saudi Arabia
Index weight (%) 1%

(mn)	SAR	USD
Market Cap	15,330	4,088
Enterprise value	19,261	5,200

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 (x)	37.7
P/Book (x)	9.3
EV/EBITDA (x)	16.0
Dividend Yield (%)	1.3%
Free Float (%)	93.4%
Shares O/S (mn)	100
YTD Return (%)	27.5%
Beta	1.2

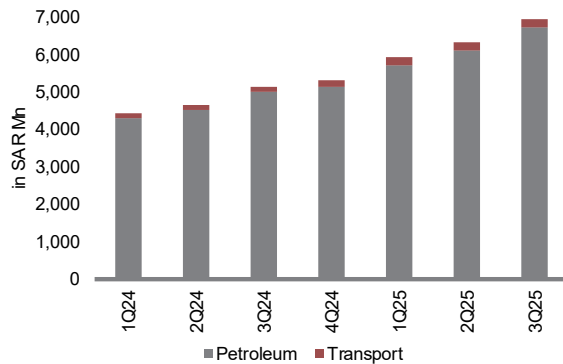
Key ratios	2022	2023	2024
EPS (SAR)	3.22	3.74	3.38
BVPS (SAR)	14.79	16.48	14.79
DPS (SAR)	2.00	1.00	1.50
Payout ratio (%)	62%	27%	44%

Price performance (%)	1M	3M	12M
Aldrees Petroleum and Trar	22%	28%	11%
Tadawul All Share Index	1%	7%	-3%

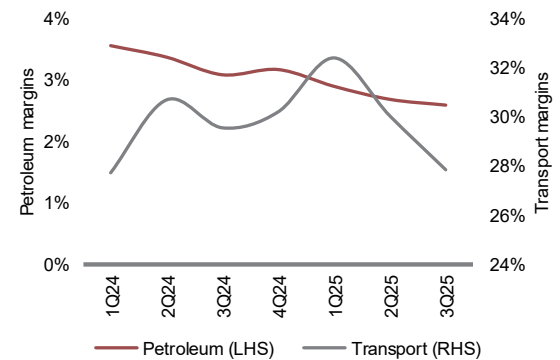
52 week	High	Low	CTL*
Price (SAR)	154.4	109.6	39.872

* CTL is % change in CMP to 52wk low

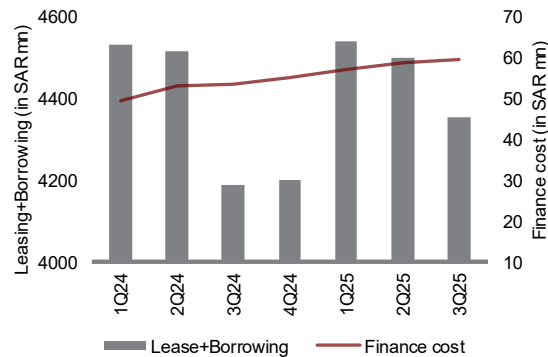
Robust revenue growth of 35% YoY in 3Q25



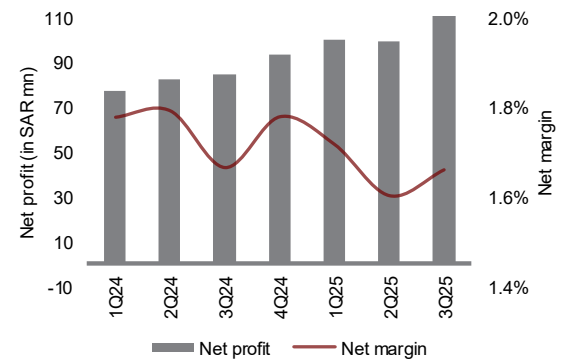
Gross margin declining on expansion cost



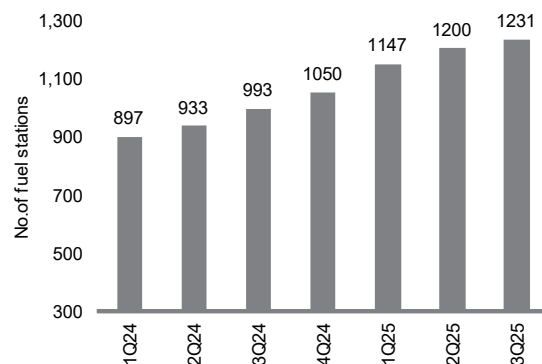
Leasing levels remain stable during the year



Net margins supported by other income



181 stations added in 9M25



Fleet size decreases slightly in 3Q25





Income Statement (in SAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Revenue	9,110	12,356	14,834	19,289	25,309	30,635	35,015	37,971
Direct costs	-8,658	-11,762	-14,153	-18,477	-24,369	-29,456	-33,748	-36,614
Gross profit	451	595	681	811	939	1,180	1,267	1,357
Selling and marketing	-5	-7	-5	-5	-9	-15	-18	-19
General and Admin	-163	-224	-255	-293	-337	-442	-506	-549
Other income	1	8	7	1	8	2	2	2
Operating profit	285	371	428	514	601	725	745	790
EBITDA	668	779	933	1,907	1,206	1,428	1,561	1,729
Finance costs	-106	-124	-161	-210	-234	-193	-160	-176
Interest income from amortized cost	-	2	9	20	29	30	30	30
Share of profit in JV	4	1	1	2	2	1	1	1
Profit before tax	183	249	286	346	437	573	626	655
Tax expense	-6	-8	-5	-8	-10	-17	-19	-20
Net profit/(loss) for the period	177	242	281	338	427	556	607	636
Balance Sheet (in SAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Property, plant and equipment	1,297	1,559	1,890	2,122	2,346	2,667	3,007	3,377
Right-of-use assets	3,027	3,422	3,854	4,163	4,251	4,618	5,088	5,597
Other non current assets	33	178	283	510	543	543	543	543
Total non-current assets	4,357	5,159	6,026	6,795	7,139	7,827	8,638	9,517
Inventory	112	144	195	267	366	442	506	549
Trade and other current receivables	334	410	512	522	759	919	1,050	1,139
Other assets	359	455	541	617	683	827	945	1,025
Cash and bank balances	274	148	232	242	229	367	248	338
Total current assets	1,079	1,156	1,480	1,648	2,038	2,555	2,750	3,052
TOTAL ASSETS	5,435	6,316	7,506	8,443	9,177	10,382	11,388	12,569
Share capital	750	750	750	1,000	1,000	1,000	1,000	1,000
Statutory reserve	95	120	148	181	181	181	181	181
Retained earnings	150	240	338	298	575	939	1,296	1,658
Net equity	995	1,109	1,236	1,479	1,756	2,120	2,477	2,840
Lease liabilities	2,598	2,906	3,464	3,578	3,781	4,180	4,594	5,040
Borrowings	49	10	75	50	-	-	-	-
Prov employees' end of service benefit	91	111	124	159	169	221	253	275
Total non-current liabilities	2,738	3,028	3,663	3,787	3,949	4,401	4,847	5,315
Provision for Zakat	10	12	9	9	5	9	9	10
Lease liabilities	332	313	229	470	420	464	510	560
Accrued expenses	409	435	569	736	609	736	844	915
Trade and other payables	918	1,177	1,404	1,837	2,437	2,651	2,700	2,929
Borrowings	33	241	360	100	-	-	-	-
Total current liabilities	1,702	2,179	2,607	3,177	3,471	3,860	4,063	4,414
Total liabilities	4,440	5,206	6,270	6,964	7,421	8,262	8,911	9,729
TOTAL EQUITY AND LIABILITIES	5,435	6,316	7,506	8,443	9,177	10,382	11,388	12,569
Cash Flow (in SAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Cash from operations	899	773	974	1,398	1,284	1,437	1,445	1,858
Investing cash flow	-242	-517	-573	-653	-633	-766	-875	-949
Financing cash flow	-460	-382	-317	-735	-663	-534	-688	-818
Change in cash	197	-126	83	10	-12	137	-119	90
Beginning cash	77	274	148	232	242	229	367	248
Ending cash	274	148	232	242	229	367	248	338



Ratio Analysis	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Per Share								
EPS (SAR)	2.36	3.22	3.74	3.38	4.27	5.56	6.07	6.36
BVPS (SAR)	13.27	14.79	16.48	14.79	17.56	21.20	24.77	28.40
DPS (SAR)	1.50	2.00	1.00	1.50	1.92	2.50	2.73	2.86
FCF per share (SAR)	8.76	5.34	5.34	7.45	6.51	6.71	5.69	9.08
Valuation								
Market Cap (SAR Mn)	5,010	5,580	9,975	12,020	15,290	15,290	15,290	15,290
EV (SAR Mn)	7,748	8,902	13,872	15,976	19,261	19,568	20,147	20,552
EBITDA (SAR Mn)	668	779	933	1,074	1,206	1,428	1,561	1,729
P/E (x)	28.3	23.1	35.5	35.6	35.8	27.5	25.2	24.1
EV/EBITDA (x)	11.6	11.4	14.9	14.9	16.0	13.7	12.9	11.9
Price/Book (x)	5.0	5.0	8.1	8.1	8.7	7.2	6.2	5.4
Dividend Yield (%)	2.2%	2.7%	0.8%	1.2%	1.3%	1.6%	1.8%	1.9%
Price to sales (x)	0.5	0.5	0.7	0.6	0.6	0.5	0.4	0.4
EV to sales (x)	0.9	0.7	0.9	0.8	0.8	0.6	0.6	0.5
Liquidity								
Cash Ratio (x)	0.16	0.07	0.09	0.08	0.07	0.10	0.06	0.08
Current Ratio (x)	0.63	0.53	0.57	0.52	0.59	0.66	0.68	0.69
Quick Ratio (x)	0.57	0.46	0.49	0.43	0.48	0.55	0.55	0.57
Returns Ratio								
ROA (%)	3.3%	3.8%	3.7%	4.0%	4.7%	5.4%	5.3%	5.1%
ROE (%)	17.8%	21.8%	22.7%	22.8%	24.3%	26.2%	24.5%	22.4%
ROCE (%)	4.7%	5.8%	5.7%	6.4%	7.5%	8.5%	8.3%	7.8%
Cash Cycle								
Receivables turnover (x)	27.1	30.0	28.7	28.6	33.3	33.3	33.3	33.3
Inventory turnover (x)	77.0	81.9	72.7	66.7	66.7	66.7	66.7	66.7
Accounts Payable turnover (x)	9.4	10.0	10.1	8.3	10.0	11.1	12.5	12.5
Receivables days	13	12	13	13	11	11	11	11
Inventory days	5	4	5	5	5	5	5	5
Payable Days	39	37	36	44	37	33	29	29
Cash Cycle	-21	-20	-18	-26	-20	-16	-13	-13
Profitability Ratio								
Net Margins (%)	1.9%	2.0%	1.9%	1.8%	1.7%	1.8%	1.7%	1.7%
EBITDA Margins (%)	7.3%	6.3%	6.3%	5.6%	4.8%	4.7%	4.5%	4.6%
PBT Margins (%)	2.0%	2.0%	1.9%	1.8%	1.7%	1.9%	1.8%	1.7%
EBIT Margins (%)	3.1%	3.0%	2.9%	2.7%	2.4%	2.4%	2.1%	2.1%
Leverage								
Total Debt (SAR Mn)	3,012	3,470	4,128	4,198	4,201	4,645	5,105	5,600
Net Debt (SAR Mn)	2,738	3,322	3,897	3,956	3,971	4,278	4,857	5,262
Debt/Total Assets (x)	0.6	0.5	0.6	0.5	0.5	0.4	0.4	0.4
Debt/Equity (x)	3.0	3.1	3.3	2.8	2.4	2.2	2.1	2.0

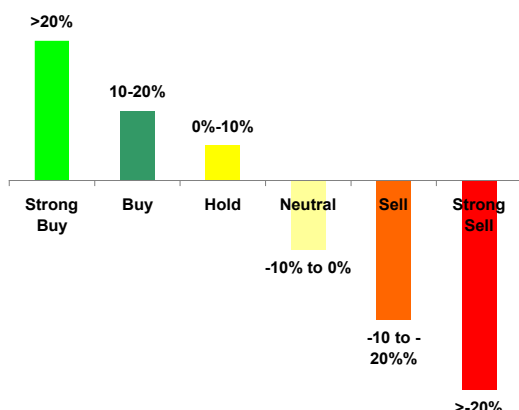
Key contacts

Research Team

Joice Mathew	Manna Thomas ACCA	Contact Address
Sr. Manager - Research	Research Associate	P. O Box: 2566; P C 112
E-Mail: joice@usoman.com	Email: manna.t@usoman.com	Sultanate of Oman
Tel: +968 2476 3311	Tel: +968 2476 3347	Tel: +968 2476 3300

Rating Criteria and Definitions

Rating



Rating Definitions

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%
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%
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%
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%
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%
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%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.