

Result update

Saudi Arabian Oil Co.

Sector: Oil & Gas

HOLD

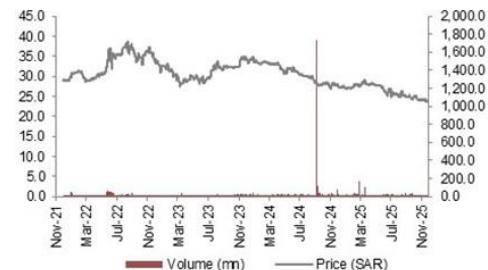
30 November 2025

- Topline performance comes inline as both lower crude price and improved production were factored in.**
- Improved production levels and downstream margins, along with lower royalty and purchases aids in flat net income.**
- We maintain our target price at SAR 27 per share, which implies a HOLD rating.**

Saudi Arabian Oil Co. (Saudi Aramco) reported revenue of SAR 386 bn for 3Q25, down 8.5% YoY and broadly in line with our estimate of SAR 381 bn. The decline was primarily driven by a 12.1% YoY drop in downstream revenue, while upstream revenue fell by a marginal 0.5% YoY. Realized oil prices declined by 11.6% YoY which weighed heavily on overall revenue, though a 4.7% YoY increase in production helped limit the downturn. The downstream segment was pressured by lower refined and chemical product prices, partly offset by higher volumes. The share of crude allocated to downstream operations edged up to 54% in 3Q25 from 53% in 3Q24. Despite softer revenue, Aramco reported a relatively stable EBIT of SAR 194 bn, supported by lower royalties and reduced purchases. Royalty expenses decreased due to lower rates and weaker oil prices, while purchase costs fell on reduced crude buying and lower refined and chemical product prices. Upstream EBIT declined 2.5% YoY, reflecting lower crude prices. The downstream segment delivered an EBIT of SAR 5 bn in 3Q25, reversing a SAR 7 bn loss in 3Q24 on the back of improved refining margins. Overall, net income dipped marginally by 0.4% YoY to SAR 97 bn, as modest EBIT growth was offset by weaker other income and higher zakat and taxes. The bottom line nevertheless exceeded our SAR 88 bn estimate, largely due to lower operating expenses. Aramco invested SAR 140 bn in capital expenditure during 9M25, a 3.3% YoY increase. The company also proposed a SAR 240 bn dividend for 9M25, including performance-linked components. We forecast a ~5% dividend yield for 2025e.

Valuation: Saudi Aramco's financial performance continues to be affected by lower oil prices. However, the company has largely offset pricing pressures through higher production, improved refining margins, and disciplined cost control. Looking ahead, we expect oil prices to remain subdued, as Brent is projected to average USD 65.5/bbl for 2026e (Bloomberg median estimates). Nevertheless, we remain optimistic about Aramco's ability to increase production in the medium term, which should support its financial performance. Aramco's strong market position, strategic geographic advantage, allowing it to remain one of the lowest-cost oil producers globally, and its consistent record of dividend payments make it an attractive investment option. However, we remain cautious about geopolitical uncertainties, which could place further pressure on prices. Overall, following the 3Q25 results, we retain our target price of SAR 27 per share, which implies a HOLD rating.

Target price (SAR)	27.00
Current price (SAR)	24.63
Return	+9.6%



Exchange	Saudi Arabia
Index weight (%)	16.1%
(mn)	SAR USD
Market Cap	5,960,460 1,588,778
Enterprise value	6,261,230 1,668,958
Major shareholders	
Kingdom of Saudi Arabia	81.5%
Public Investment Fund	16.0%
Vanguard Group Inc	0.1%
Others	2.4%

Valuation Summary (TTM)		
PER TTM (x)		16.3
P/Book (x)		4.0
EV/EBITDA (x)		7.6
Dividend Yield (%)		6.0
Free Float (%)		2%
Shares O/S (mn)		242,000
YTD Return (%)		-12%
Beta		0.7

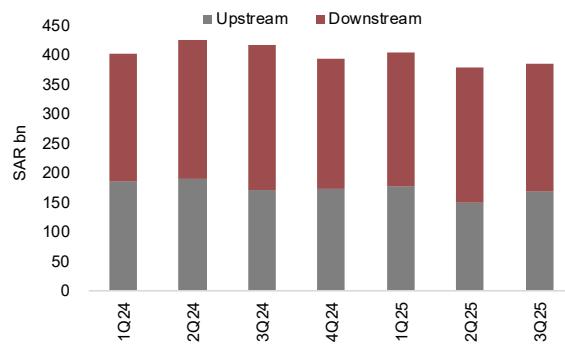
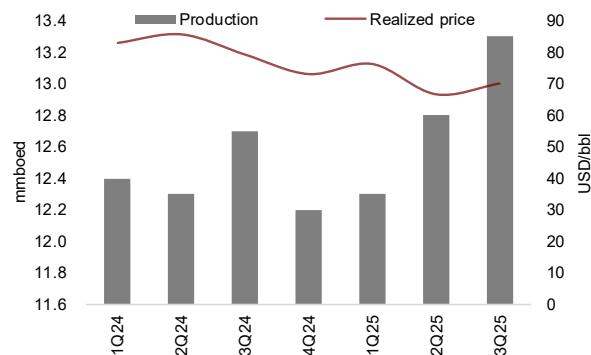
	2022	2023	2024
EPS (SAR)	2.47	1.87	1.63
BVPS (SAR)	5.99	6.34	6.03
DPS (SAR)	1.31	1.69	1.77
Payout ratio (%)	53%	91%	109%

Price performance (%)	1M	3M	12M
Saudi Arabian Oil Co	-5%	4%	-10%
Tadawul All Share Index	-8%	-2%	-8%

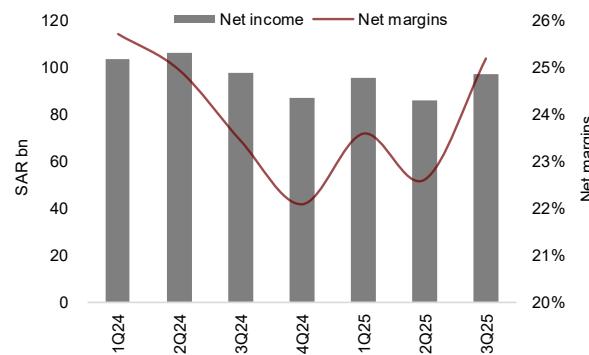
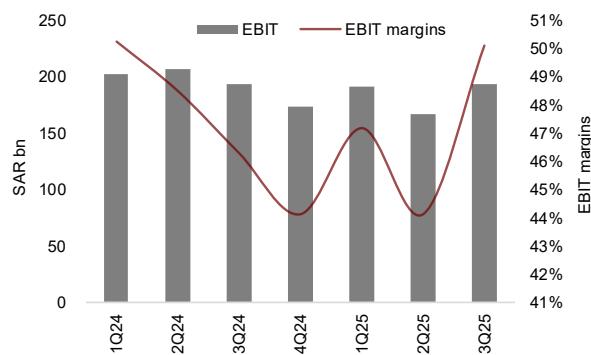
52 week	High	Low	CTL*
Price (SAR)	28.99	23.04	6.9

* CTL is % change in CMP to 52wk low

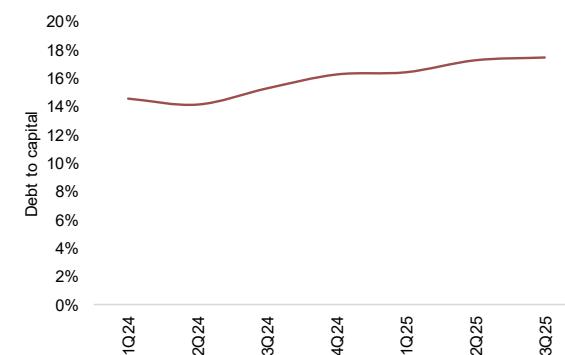
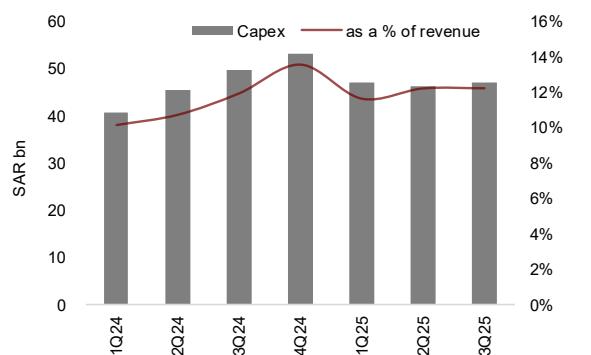
Crude prices continues to put pressure on topline, though mitigated to a extent by higher production



Improved refining margins and lower costs, especially royalty and purchases aids improvement in profitability



Capex continues to remain high as the company invests in diversification, supported by under control leverage



Income Statement (SAR bn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	1,347	2,007	1,653	1,637	1,553	1,544	1,614	1,706
Operating expenses	(575)	(863)	(785)	(863)	(827)	(819)	(853)	(897)
Operating profit	772	1,144	868	775	726	725	762	809
Other income	8	3	(4)	(5)	(8)	(8)	(8)	(8)
Finance expenses	(10)	6	24	12	6	5	4	8
Earnings before tax	770	1,153	888	782	724	722	758	810
Tax	(357)	(549)	(433)	(384)	(351)	(351)	(368)	(393)
Earnings before MI	412	604	455	398	373	372	390	417
Minority interest	(17)	(7)	(2)	(5)	(7)	(7)	(7)	(7)
Net income	395	597	453	394	366	365	383	409
Balance Sheet (SAR bn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property and equipment	1,244	1,303	1,385	1,494	1,597	1,693	1,723	1,758
Intangibles	161	159	165	165	163	160	158	156
Other non-current assets	146	172	197	199	175	167	161	157
Total non-current assets	1,551	1,635	1,746	1,858	1,935	2,020	2,043	2,072
Receivables	140	164	164	168	159	158	166	175
Inventories	75	101	86	84	79	79	83	87
Cash & Cash Equivalents	300	226	199	217	206	192	263	307
Short term investments	27	281	184	13	13	13	13	13
Other current assets	70	86	99	84	80	79	83	87
Total current assets	611	858	732	565	538	522	607	670
Total assets	2,163	2,493	2,478	2,424	2,472	2,542	2,650	2,742
Share Capital	60	75	90	90	90	90	90	90
Total reserves	1,053	1,374	1,445	1,368	1,422	1,486	1,578	1,649
Minority interest	167	217	202	193	200	206	213	221
Total equity	1,281	1,666	1,737	1,651	1,712	1,783	1,881	1,960
Short term borrowings	75	75	64	58	58	58	58	58
Trade payables	125	135	152	157	149	148	155	164
Other current liabilities	105	121	102	84	84	84	84	85
Total current liabilities	304	331	318	299	291	290	297	306
Long term debt	436	318	226	262	262	262	262	262
Other non-current liabilities	142	177	197	211	208	208	210	214
Total non-current liabilities	578	495	423	473	470	470	472	475
Total Liabilities	882	827	741	772	761	759	769	782
Equity and liabilities	2,163	2,493	2,478	2,424	2,472	2,542	2,650	2,742
Cash Flows (SAR bn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	523	698	538	509	512	496	509	536
Cash from investments	(136)	(389)	(54)	(3)	(210)	(210)	(145)	(154)
Cash from financing	(295)	(383)	(511)	(488)	(312)	(301)	(292)	(338)
Net changes in cash	92	(74)	(27)	18	(10)	(14)	71	44
Closing balance (C/b)	300	226	199	217	206	192	263	307

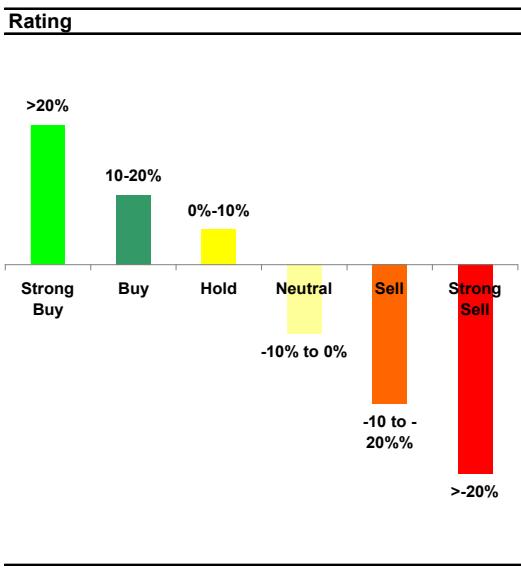
Ratios	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share (SAR)								
EPS	1.8	2.5	1.9	1.6	1.5	1.5	1.6	1.7
BVPS	5.1	6.0	6.3	6.0	6.2	6.5	6.9	7.2
DPS	1.4	1.3	1.7	1.8	1.3	1.2	1.2	1.4
FCF/share	1.8	2.3	1.6	1.3	1.2	1.2	1.5	1.6
Valuations								
M.Cap (SAR bn)	6,443	8,066	7,744	7,260	5,960	5,960	5,960	5,960
EV (SAR bn)	6,771	8,142	7,819	7,503	6,221	6,242	6,177	6,141
EBITDA (SAR bn)	857	1,236	965	878	836	841	879	929
P/E	16.3	13.5	17.1	18.4	16.3	16.3	15.6	14.6
EV/EBITDA	7.9	6.6	8.1	8.5	7.4	7.4	7.0	6.6
EV/Sales	5.0	4.1	4.7	4.6	4.0	4.0	3.8	3.6
P/BV	5.8	5.6	5.0	5.0	3.9	3.8	3.6	3.4
P/S	4.8	4.0	4.7	4.4	3.8	3.9	3.7	3.5
Div. yield	4.8%	3.9%	5.3%	5.9%	5.2%	5.0%	4.9%	5.7%
Liquidity								
Cash Ratio	1.0	0.7	0.6	0.7	0.7	0.7	0.9	1.0
Current ratio	2.0	2.6	2.3	1.9	1.9	1.8	2.0	2.2
Quick ratio	1.8	2.3	2.0	1.6	1.6	1.5	1.8	1.9
Return ratio								
ROA	19.1%	24.2%	18.4%	16.4%	15.1%	14.6%	14.7%	15.2%
ROE	35.5%	41.2%	29.5%	27.0%	24.2%	23.2%	23.0%	23.5%
ROCE	43.1%	55.6%	42.8%	39.3%	35.8%	34.5%	34.6%	35.5%
Cash cycle								
Payables turnover	10.8	14.8	10.9	10.4	10.4	10.4	10.4	10.4
Receivables turnover	9.6	12.2	10.1	9.8	9.8	9.8	9.8	9.8
Inventory turnover	18.0	20.0	19.2	19.6	19.6	19.6	19.6	19.6
Payable days	34	25	33	35	35	35	35	35
Receivables days	38	30	36	37	37	37	37	37
Inventory days	20	18	19	19	19	19	19	19
Cash Cycle	24	24	22	21	21	21	21	21
Profitability ratio								
EBITDA margins	63.7%	61.6%	58.4%	53.6%	53.8%	54.5%	54.5%	54.5%
Operating margins	57.3%	57.0%	52.5%	47.3%	46.8%	47.0%	47.2%	47.4%
Net margins	29.3%	29.8%	27.4%	24.1%	23.6%	23.7%	23.7%	24.0%
Leverage								
Total debt (SAR bn)	511	393	290	319	319	319	319	319
Net debt (SAR bn)	211	167	91	103	113	128	56	12
Debt/Total assets	23.6%	15.8%	11.7%	13.2%	12.9%	12.6%	12.0%	11.6%
Debt/Equity	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2

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Rating Criteria and Definitions



Rating	Rating Definitions
>20%	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%
10-20%	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%
0%-10%	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%
-10% to 0%	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%
-10 to -20%	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%
>-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

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