November 2026

Saudi Arabian Oil Co.(Aramco)

Results Flash Note Q3-26

Higher operating expenses and lower realized oil prices drag earnings sequentially; volume recovery and stronger refining margins lend some support; maintain "Overweight"

Saudi Arabian Oil Company's (Aramco) net income (after minority) increased 13.1% Q/Q and 41.3% Y/Y to SAR 137.4bn in Q3-26 supported mainly by one-off gain of SAR 25.9bn on sale of equity in affiliate (PRefChem). The adjusted net income (after minority) came in at SAR 118.4bn, down 4.6% Q/Q in line with AJBC's estimate of SAR 113.6bn. The Q/Q decline in net income was attributable to compression of adjusted EBIT margin despite higher revenue, primarily owing to higher Selling, administrative and general expenses. The revenue grew 1.0% Q/Q to SAR 526.8bn, in line with our estimate of SAR 530.0bn. The topline growth was led by 3.2% Q/Q increase in downstream revenue amid strong refining margins, partially offset by 2.8% Q/Q decline in upstream revenue. The upstream revenue was impacted by lower realized crude oil prices (USD 95.2 per barrel vs. USD 108.1 per barrel in Q2-26) despite higher hydrocarbon production (11.0 mmboed vs. 9.5 mmboed in Q2-26). EBIT rose 3.8% Q/Q to SAR 226.3bn, while adjusted EBIT fell 6.7% Q/Q to SAR 202.8bn (AJBC: SAR 212.1bn). Adjusted operating margin contracted ~320bps Q/Q to 38.5%. We maintain our TP of SAR 29.6/share and "Overweight" recommendation on Aramco.

- **Aramco's net income** increased 13.1% Q/Q to SAR 137.4bn in Q3-26, primarily driven by one-off gain of SAR 25.9bn on sale of equity in affiliate (PRefChem). The adjusted net income came in at SAR 118.4bn, down 4.6% Q/Q in line with AJC's estimate of SAR 113.6bn. The Q/Q decrease in adjusted net income was attributable to compression of adjusted EBIT margin despite higher revenue, primarily owing to higher Selling, administrative and general expenses. On the Y/Y basis adjusted net income rose 17.1%, backed by 26.0% Y/Y topline growth amid higher oil prices and refining margins.
- **Revenue** rose 1.0% Q/Q to SAR 526.8bn, in line with our estimate of SAR 530.0bn. The growth was supported by increase in downstream revenue at SAR 333.8bn (+3.2% Q/Q; AJBC estimate: SAR 334.8bn) on account of stronger refining margins. On the other hand, the upstream revenue decreased 2.8% Q/Q to SAR 192.2bn (Vs. our estimates of SAR 194.6bn). Average realized crude oil price in Q3-26 stood lower at USD 95.2 per barrel vs. USD 108.1 per barrel in Q2-26, while total hydrocarbon production rose to 11.0 mmboed in Q3-26 from 9.5 mmboed in the previous quarter with liquids production growing to 8.7 mmbpd (Q2-26: 7.6 mmbpd) and gas production rising to 12.3 bscfpd (Q2-26: 9.9 bscfpd).
- **EBIT** grew 3.8% Q/Q to SAR 226.3bn in Q3-26, as modest revenue growth of 1.0% was further supported by SAR 25.9bn one-off gains. However, adjusted EBIT declined 6.7% Q/Q to SAR 202.8bn broadly in line with AJBC's estimate of SAR 212.1bn. Adjusted EBIT margin contracted from 41.7% in Q2-26 to 38.5% in Q3-26, because of higher Selling, administrative and general expenses. These expenses were mainly inflated by losses associated with derivative instruments and higher freight costs. Adjusted EBIT for upstream segment fell to SAR 175.6bn from SAR 191.0bn in Q2-26, while downstream adjusted EBIT was up at SAR 38.6bn vs. SAR 23.4bn in the previous quarter.
- **Aramco's CAPEX** for the Q3-26 stood at SAR 39.5bn vs. SAR 49.4bn in Q2-26. FCF surged to SAR 106.8bn from SAR 46.0bn in the previous quarter. The dividend payment remained in line with the guidance with base dividend payment of SAR 82.1bn. Gearing ratio eased from 6.2% in Q2-26 to 5.5% in Q3-26.

AJBC view and valuation: Aramco's Q3-26 adjusted results were broadly in line with our expectations. The elevated operating expenses weighed on profitability in addition to lower contribution from upstream segment. We believe operating expenses to normalize in coming period. We expect average crude oil prices this year to be higher ~34% Y/Y as prices continue to hold geopolitical risk premium. Although Aramco demonstrated flexibility to divert exports from east to west coast, recent escalations in both the costs remain major risk. We expect topline to rise 24.3% Y/Y to SAR 2,078bn and net income by 40.2% to SAR 488bn in FY26. Our estimates assume an average oil price of around USD 91/bbl and hydrocarbon volume of 11.2 mmboed, including crude oil production of 8.0 mbpd. Aramco is trading at P/E of 12.9x and a dividend yield of 5.2% based on our FY26E estimates. We retain our "Overweight" rating and a TP of SAR 29.6/share.

Results Summary

SAR bn	Q3-25	Q2-26	Q3-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	418.2	521.8	526.8	26.0%	1.0%	-0.6%
Operating Income	193.5	216.2	222.3	14.9%	2.8%	4.8%
Operating Margin	46.3%	41.4%	42.2%	-	-	-
Adj. EBIT	199.9	217.5	202.8	1.5%	-6.7%	-4.3%
Net Profit (after NCI)	97.3	121.5	137.4	41.3%	13.1%	20.9%
Adj. Net Profit (after NCI)	101.2	124.1	118.4	17.1%	-4.6%	4.2%
EPS	0.42	0.51	0.49	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	**Overweight**
Target Price (SAR)	**29.6**
Upside / (Downside)*	**13.4%**

Source: Tadawul *prices as of 2nd of November 2026

Key Financials

SARbn (unless specified)	FY23	FY24	FY25
Revenue	1,856	1,802	1,671
Growth %	-18.1%	-2.9%	-7.2%
EBIT	868	775	707
EBITDA	965	878	800
Net Income	453	394	348
Growth %	-24.2%	-13.0%	-11.6%
EPS	1.87	1.63	1.44
DPS	1.52	1.93	1.32

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25
EBIT Margin	46.8%	43.0%	42.3%
EBITDA Margin	52.0%	48.7%	47.9%
Net Margin	24.4%	21.9%	20.8%
ROE	29.5%	27.0%	23.3%
ROA	18.5%	16.4%	13.8%
P/E (x)	17.6	17.2	16.6
P/B (x)	5.2	4.7	3.9
EV/EBITDA (x)	8.2	7.8	7.3
Dividend Yield	4.6%	6.9%	5.6%

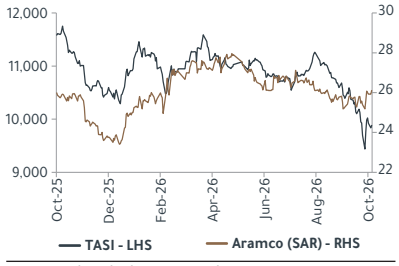
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	6,316
YTD%	9.5%
52 week (High)/(Low)	27.96/23.29
Share Outstanding (bn)	242.0

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadwaul, Aljazira Capital Research

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RESEARCH DIVISION

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1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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