Saudi Aramco 3Q26 Earnings Summary

Aramco's 3Q26 adjusted net income rose 9.2% Y/Y but fell 6.6% Q/Q to SAR 117bn, 5.6% above the Bloomberg consensus of SAR 110.8bn, as higher volumes and a record downstream quarter offset a lower realised crude oil price. Liquids production recovered 1.1mbpd Q/Q as Aramco added Gulf loadings and ship-to-ship shuttles to its East-West Pipeline exports, while its cuts to Asian OSPs left the realised price below dated Brent. Net income attributable rose 41.3% Y/Y and 13.1% Q/Q to SAR 137.4bn, including a SAR 25.9bn gain on the sale of its PRefChem stake. FCF rose 130% Q/Q to SAR 105.8bn as the 2Q26 working capital build reversed, covering the base dividend paid 1.3x. The stock trades at 14.1x trailing earnings with a 5.2% base dividend yield.

Volumes should rise further in 4Q26, as the CEO said Aramco's Gulf exits are still below pre-war levels. The deeper Asian OSP discount for November points to a weaker realisation against Brent, however. The CEO expects markets to stay tight into 2027 as inventories are refilled and the effective tanker fleet stays smaller. We think Gulf barrels would return faster than demand can absorb them after a reopening, weighing on crude prices, while the loss of Russian and Chinese product exports keeps refining margins supported. A performance-linked dividend for 2026 would need 4Q26 FCF of ~SAR 117bn, above any quarter so far this year.

Rating and Target Price:

We are Buy rated on Aramco with a target price of SAR 29.7 (13.8% upside).

Results vs. Consensus:

- Net income attributable of SAR 137.4bn came in 24% above the Bloomberg consensus of SAR 110.8bn, largely on the SAR 25.9bn PRefChem gain.
- Excluding the gain, adjusted net income of SAR 117bn was 5.6% above consensus.

Key highlights

- Revenue and other income related to sales rose 26% Y/Y and 1% Q/Q to SAR 526.8bn, as higher crude oil volumes sold and higher refined and chemical product prices offset lower crude oil prices Q/Q. Other income related to sales, the Government's compensation for domestic sales at regulated prices, nearly doubled Y/Y to SAR 62.5bn but fell 12% Q/Q.
- The average realised crude oil price rose 35.8% Y/Y but fell 11.9% Q/Q to USD 95.2/bbl, while total hydrocarbon production fell 16.7% Y/Y but rose 16.7% Q/Q to 11mmboed, with liquids up 1.1mbpd Q/Q to 8.7mbpd.
- Operating costs rose 47.1% Y/Y and 8.1% Q/Q to SAR 330.5bn. Purchases (+65.5% Y/Y) were the largest contributor Y/Y, while SG&A (+88.1% Q/Q, on derivative losses and freight) and royalties and other taxes (+16.8% Q/Q) drove the Q/Q increase.
- Operating income rose 14.9% Y/Y and 2.8% Q/Q to SAR 222.3bn, including the SAR 25.9bn Prefchem gain. Excluding the gain, operating income rose 1.5% Y/Y but fell 9.2% Q/Q to SAR 196.4bn, with the margin down 901bps Y/Y and 415bps Q/Q to 37.3%.
- Upstream adjusted EBIT fell 9.1% Y/Y and 8.1% Q/Q to SAR 175.6bn, as lower crude oil prices and higher royalties outweighed higher volumes Q/Q. Downstream adjusted EBIT rose 234% Y/Y and 65% Q/Q to a record SAR 38.6bn on stronger refining margins.
- Adjusted EBIT rose 1.5% Y/Y but fell 6.7% Q/Q to SAR 202.8bn, as adjusted eliminations swung to a SAR 5.8bn charge from a SAR 7.9bn credit in 2Q26.
- The effective tax rate fell 797bps Y/Y and 287bps Q/Q to 40%, or 42.6% excluding adjusting items.
- Net income attributable rose 41.3% Y/Y and 13.1% Q/Q to SAR 137.4bn in 3Q26, and 36.1% Y/Y to SAR 379bn in 9M26. Adjusted net income, which excludes the PRefChem gain, rose 9.2% Y/Y but fell 6.6% Q/Q to SAR 117bn, and rose 22% Y/Y to SAR 368.9bn in 9M26.

Public

- OCF rose 7.2% Y/Y and 52.3% Q/Q to SAR 145.2bn on a SAR 4bn working capital release, vs a SAR 51.1bn build in 2Q26. Capex fell 16.2% Y/Y and 20.1% Q/Q to SAR 39.5bn, taking FCF up 19.7% Y/Y and 130% Q/Q to SAR 105.8bn.
- Net debt fell 6.1% Y/Y and 10.2% Q/Q to SAR 107.4bn, with gearing down 80bps Y/Y and 70bps Q/Q to 5.5%, while trailing 12-month ROACE was flat Q/Q at 22.1%.
- The board declared a 3Q26 base dividend of SAR 82.1bn (SAR 0.34 per share), up 3.5% Y/Y. 2026 capital guidance was kept at SAR 187.5-206.3bn and now includes restoration costs and the HUMAIN investment, for which Aramco contributed SAR 9.9bn in cash for a 49% stake.

3Q26 Snapshot:

SAR bn	*3Q26*	*2Q26*	*3Q25*	*3Q23*	*Q/Q %*	*Y/Y %*	*3-yr CAGR/bps*	*9M26*	*9M25*	*Y/Y %*
Revenue and other income related to sales	**526.8**	**521.8**	**418.2**	**488.9**	***1%***	***26%***	***2.5%***	**1,515.9**	**1,254.9**	***20.8%***
Operating costs	330.5	305.6	224.6	254.5	*8.1%*	*47.1%*	*9.1%*	880.8	702.9	*25.3%*
Operating income	**222.3**	**216.2**	**193.5**	**234.4**	***2.8%***	***14.9%***	***(1.8%)***	**661.0**	**552.0**	***19.7%***
Upstream adjusted EBIT	175.6	191.0	193.1	n.a.	*(8.1%)*	*(9.1%)*	*n.a.*	569.8	553.4	*3%*
Downstream adjusted EBIT	38.6	23.4	11.6	n.a.	*65%*	*234%*	*n.a.*	82.4	29.7	*177.2%*
Adjusted EBIT	**202.8**	**217.5**	**199.9**	**n.a.**	***(6.7%)***	***1.5%***	***n.a.***	**646.0**	**567.8**	***13.8%***
Income before income taxes and zakat	226.6	214.7	194.2	238.4	*5.6%*	*16.7%*	*(1.7%)*	663.4	551.0	*20.4%*
Income taxes and zakat	90.7	92.1	93.2	116.2	*(1.5%)*	*(2.7%)*	*(7.9%)*	282.8	267.4	*5.8%*
Net income attributable to equity holders	**137.4**	**121.5**	**97.3**	**123.5**	***13.1%***	***41.3%***	***3.6%***	**379.0**	**278.6**	***36.1%***
EPS (SAR)	0.57	0.50	0.40	0.51	*13.1%*	*41.3%*	*3.6%*	1.57	1.15	*36.1%*
Adjusted net income	**117.0**	**125.2**	**107.2**	**n.a.**	***(6.6%)***	***9.2%***	***n.a.***	**368.9**	**302.3**	***22%***
OCF	145.2	95.4	135.4	117.6	*52.3%*	*7.2%*	*7.3%*	355.8	357.6	*(0.5%)*
Capex	39.5	49.4	47.1	41.4	*(20.1%)*	*(16.2%)*	*(1.5%)*	134.2	140.3	*(4.3%)*
FCF	**105.8**	**46.0**	**88.4**	**76.3**	***130%***	***19.7%***	***11.5%***	**221.6**	**217.3**	***2%***
Net debt / (cash)	107.4	119.7	114.3	(123.6)	*(10.2%)*	*(6.1%)*	*NA*	107.4	114.3	*(6.1%)*

Operating data and ratios	*3Q26*	*2Q26*	*3Q25*	*3Q23*	*Q/Q %*	*Y/Y %*	*3-yr CAGR/bps*	*9M26*	*9M25*	*Y/Y %*
Average realised crude oil price (USD/bbl)	95.2	108.1	70.1	89.3	*(11.9%)*	*35.8%*	*2.2%*	91.7	71.0	*29.2%*
Total hydrocarbon production (mmboed)	11.0	9.5	13.3	12.8	*16.7%*	*(16.7%)*	*(4.8%)*	11.0	12.8	*(13.7%)*
Operating margin (%)	42.2%	41.4%	46.3%	48.0%	*76bps*	*(409bps)*	*(576bps)*	43.6%	44.0%	*(38bps)*
Effective tax rate (%)	40.0%	42.9%	48.0%	48.7%	*(287bps)*	*(797bps)*	*(873bps)*	42.6%	48.5%	*(590bps)*
Gearing (%)	5.5%	6.2%	6.3%	(7.6%)	*(70bps)*	*(80bps)*	*1310bps*	5.5%	6.3%	*(80bps)*
ROACE, trailing 12 months (%)	22.1%	22.1%	20.1%	n.a.	*0bps*	*200bps*	*n.a.*	22.1%	20.1%	*200bps*

Source: Company announcement and data book, BSF Capital

Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

Important Disclaimer

BSF Capital is a Saudi closed joint stock company operating under a license issued by the Capital Market Authority (CMA), License No. (11153-37), Unified Number 7001522544, Head Office: 8092 King Fahd Road, Riyadh 12313-3735, Kingdom of Saudi Arabia.

The information and materials contained in this advertisement are provided for general information purposes only and do not constitute a recommendation, investment advice, an offer or invitation to purchase or sell any security. They should not be relied upon as the sole basis for making any investment decision. Although such information has been obtained from sources believed to be reliable, BSF Capital does not warrant its completeness, accuracy or freedom from error.

Investing in securities involves risks, and the prices of securities may fluctuate, which may result in the investor losing part or all of the invested capital. Past performance of any security is not necessarily indicative of, nor a guarantee of, its future performance.

Certain securities may not be suitable for all investors. Securities denominated in foreign currencies may also be affected by fluctuations in exchange rates. Certain securities may be illiquid or difficult to sell or liquidate, and their prices may be subject to significant fluctuations depending on the nature of the security.

Before making any investment decision, investors should carefully review the relevant offering documents or other documents relating to the relevant security, particularly the risk disclosures, terms and conditions, fees and expenses, assess the suitability of the investment in light of their investment objectives and financial circumstances, and consider their ability to bear the associated risks. Investors should seek independent advice from a financial or legal adviser where necessary.

BSF Capital conducts risk assessments and provides investment and brokerage services. It may also provide investment services, or such services may be provided by companies with which it deals in securities. Such companies may be owned by BSF Capital, may own an interest in BSF Capital, or may be companies in which BSF Capital has an interest. Certain products and securities referred to in this advertisement may also be subject to applicable fees and taxes.

Saudi Fransi Capital
(Closed Joint Stock Company Owned by Banque Saudi Fransi)

Authorized and regulated under Capital Market Authority license 11153-37. The company is operating under commercial registration 1010231217 with a paid-up capital of SAR 500,000,000.

Head Office
8092 King Fahd Road | Riyadh 12313-3735 | Kingdom of Saudi Arabia

Mailing Address
P.O. Box 23454 Riyadh 11426 | Kingdom of Saudi Arabia
Tel: +966 11 282 6666 | 800 125 9999
www.bsfcapital.sa