

Q1-26 forecast: Robust topline growth and improved profitability amid oil price jump to deliver double-digit earnings growth, despite lower volumes

Saudi Arabian Oil Company's (Aramco) is forecasted to post net income (after minority) of SAR 108.8bn in Q1-26 (+13.8% Y/Y, +56.7% Q/Q), and up 12.6% Q/Q from adjusted net income in Q4-25. The sequential growth in adjusted net income is expected to be driven by higher crude oil prices (+24.8% Q/Q), better refining margin and reduction in certain operating costs, wiping out the impact of lower production (crude oil: ~600 kbpd Q/Q; hydrocarbon: ~700 kboed Q/Q). Revenue is estimated at SAR 455.3bn (+6.0% Y/Y, +9.4% Q/Q). The upstream revenue is expected to lead topline growth with an increase of 13.1% Q/Q, while Downstream revenue is expected to rise 6.8% Q/Q. Aramco's EBIT margin is forecast to improve to 47.1% in Q1-26 from adjusted EBIT margin of 43.1%, as we expect certain operating costs to ease which were higher in the previous quarter.

Aramco's revenue is expected to grow 9.4% Q/Q to SAR 455.3bn. The upstream revenue is projected to increase by 13.1% Q/Q to SAR 197.6bn, driven by increase in crude oil prices. Brent crude prices averaged USD 78.7 per barrel in Q1-26 (+24.8% Q/Q). We forecast realized crude oil prices for Aramco in Q1-26 to average at USD 81.1 per barrel (+26.6% Q/Q). However, total hydrocarbon production is anticipated to decrease to 12.5 mmoed in Q1-26 from 13.2 mmoed in the previous quarter, with liquids production falling to 10.4 mmbpd (Q4-25: 11.1 mmbpd), impacted by disruptions caused by regional geopolitical escalations in March. Gas production is expected to remain largely stable. The downstream revenue is forecasted to increase by 6.8% Q/Q to SAR 257.2bn owing to higher refining margins given the rise in downstream product prices, despite volume disruption.

Operating profit is expected to reach SAR 214.5 (+38.5% Q/Q), indicating 19.6% Q/Q growth over adjusted EBIT in Q4-25. EBIT margin is forecasted at 47.1% vs. 37.2% EBIT margin and 43.1% adjusted EBIT margin in Q4-25, supported by revenue growth and reduction in certain production and operating costs which were comparatively higher in the previous quarter. EBITDA margin is estimated to be at 52.2% vs. 40.9% in Q4-25.

Net income (after minority) is projected to increase by 12.6% Q/Q to SAR 108.8bn from adjusted net income in Q4-25 (up 56.7% from reported net income in Q4-25). The bottom-line growth will be fueled by healthy revenue growth and strong EBIT margin.

2026 outlook: We expect higher crude oil prices this year and flexibility to divert exports from east to west coast to reflect positively on Aramco's revenue and earnings in FY26E. We expect topline to rise 14.1% Y/Y to SAR 1,908bn and net income by 22.6% to SAR 427bn. Our estimates assume an average oil price of around USD 86/bbl, about 27%. However, total hydrocarbon output is projected at 12.8 mmoed, including crude oil production of 9.4 mbpd. Our assumptions are based on energy supply routes and production level returning to normalcy by Q3-26, while oil prices will continue to hold certain **geopolitical premium** throughout the year. Aramco is trading at P/E of 15.4x and a dividend yield of 5.0% based on our FY26E estimates. We retain our "Overweight" rating and a TP of **SAR 29.6/share** with potential for upward revision.

| SAR bn | Q1-25 | Q4-25 | Q1-26E | Change Y/Y | Change Q/Q |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Brent crude (USD/bbl) | 74.4 | 63.1 | 78.7 | 5.9% | 24.8% |
| Realized oil price (USD/bbl) | 76.3 | 64.1 | 81.1 | 6.3% | 26.6% |
| Total hydrocarbon prod. (mmoed) | 12.3 | 13.2 | 12.5 | - | - |
| Liquids (mmbpd) | 10.3 | 11.1 | 10.4 | - | - |
| Gas (bscfpd) | 10.2 | 10.7 | 10.6 | - | - |
| Upstream revenue | 184.4 | 174.8 | 197.6 | 7.2% | 13.1% |
| Downstream revenue | 244.5 | 240.8 | 257.2 | 5.2% | 6.8% |
| Revenue | 429.6 | 416.3 | 455.3 | 6.0% | 9.4% |
| EBIT | 191.4 | 154.8 | 214.5 | 12.1% | 38.5% |
| EBIT Margin | 44.5% | 37.2% | 47.1% | - | - |
| Adj. EBIT | 191.4 | 179.3 | 214.5 | 12.1% | 19.6% |
| Net Profit | 95.7 | 69.5 | 108.8 | 13.8% | 56.7% |
| Adj. Net Profit | 95.7 | 96.6 | 108.8 | 13.8% | 12.6% |

Source: Company Reports, Aljazira Capital Research

Recommendation Overweight**Target Price (SAR)** 29.6**Upside / (Downside)*** 9.0%Source: Tadawul *prices as of 21st of April 2026**Key Financials**

| SARbn (unless specified) | FY24 | FY25 | FY26E |
|--------------------------|--------|--------|-------|
| Revenue | 1,802 | 1,671 | 1,908 |
| Growth % | -2.9% | -7.2% | 14.1% |
| EBIT | 775 | 707 | 841 |
| EBITDA | 878 | 800 | 940 |
| Net Income | 394 | 348 | 427 |
| Growth % | -13.0% | -11.6% | 22.6% |
| EPS | 1.63 | 1.44 | 1.76 |
| DPS | 1.93 | 1.32 | 1.37 |

Source: Company reports, Aljazira Capital Research

Key Ratios

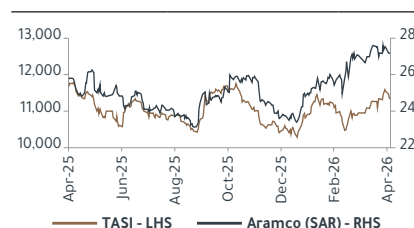
| | FY24 | FY25 | FY26E |
|----------------|-------|-------|-------|
| EBIT Margin | 43.0% | 42.3% | 44.1% |
| EBITDA Margin | 48.7% | 47.9% | 49.3% |
| Net Margin | 21.9% | 20.8% | 22.4% |
| ROE | 27.0% | 23.3% | 27.1% |
| ROA | 16.4% | 13.8% | 16.1% |
| P/E (x) | 17.2 | 16.6 | 15.4 |
| P/B (x) | 4.7 | 3.9 | 4.2 |
| EV/EBITDA (x) | 7.8 | 7.3 | 7.0 |
| Dividend Yield | 6.9% | 5.6% | 5.0% |

Source: Company reports, Aljazira Capital Research

Key Market Data

| | |
|------------------------|-------------|
| Market Cap(bn) | 6,573 |
| YTD% | 14.0% |
| 52 week (High)/(Low) | 27.76/23.04 |
| Share Outstanding (bn) | 242.0 |

Source: Company reports, Aljazira Capital Research

Price Performance

Source: Bloomberg, Aljazira Capital Research

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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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