Saudi Arabian Oil Company's (Aramco)

Q2-26 Forecast

Q2-26 forecast: Steady earnings backed by spike in oil prices and refining margins, but balanced by volume disruptions

Saudi Arabian Oil Company's (Aramco) is forecasted to register net income (after minority) of SAR 119.6bn in Q2-26 (+39.7% Y/Y, -0.5% Q/Q), and down 3.6% Q/Q from adjusted net income in Q1-26. The sequential decline in adjusted net income is expected to be primarily driven by a decrease in the topline amid lower upstream volumes, shadowing a surge in oil prices. Revenue is forecasted at SAR 458.5bn (+12.6% Y/Y, -1.9% Q/Q). The upstream revenue is expected to lead the sequential decline in the topline with a fall of 5.7% Q/Q due to sharp decline in sales volumes (crude oil: ~2.4 mbpd Q/Q; hydrocarbon: ~ 2.6 mboed Q/Q) affected by closure of Strait of Hormuz, despite 21.5% Q/Q increase in brent crude prices. Downstream revenue is expected to remain largely steady (+0.7% Q/Q) supported by sharp improvement in refining margins, offset by lower volumes. Aramco's EBIT* margin is forecast to improve slightly to 48.3% in Q2-26 from adjusted EBIT margin of 48.2% in Q1-26, as we expect certain operating costs to ease slightly compared to the previous quarter.

- **Aramco's revenue** is expected to decrease by 1.9% Q/Q to SAR 458.5bn. The upstream revenue is projected to fall 5.7% Q/Q to SAR 193.5bn, driven by lower sales volumes partially offset by higher crude oil prices. Brent crude prices averaged USD 96.7 per barrel in Q2-26 (+21.5% Q/Q). We forecast realized crude oil prices for Aramco in Q2-26 to average at USD 99.6 per barrel (+29.5% Q/Q). However, total hydrocarbon production is anticipated to decrease to 10.0 mmboed in Q2-26 (including crude oil production of 7.0 mbpd) from 12.6 mmboed in the previous quarter (including crude oil production of 9.4 mbpd), with liquids production falling to 8.0 mmbpd (Q1-26: 10.6 mmbpd), impacted by regional geopolitical escalations and subsequent closure of Strait of Hormuz. Gas production is expected to remain largely stable. The downstream revenue is forecasted to inch up by 0.7% Q/Q to SAR 263.2bn given the sharp uptick refining margins, despite volume disruption amid logistic challenges.
- **Operating profit** is expected to reach SAR 221.4bn (-0.5% Q/Q) and indicate 1.8% Q/Q drop in adjusted EBIT. EBIT margin is forecasted at 48.3% vs. 47.6% EBIT margin and 48.2% adjusted EBIT margin in Q1-26, supported by comparatively lower operating costs. EBITDA margin is estimated to be 53.5% vs. 52.8% in Q1-26.
- **Net income** (after minority) is projected to decrease by 3.6% Q/Q to SAR 119.6bn from adjusted net income in Q1-26 (down 0.5% from reported net income in Q1-26). The bottom-line will be mainly dragged by dip in revenue owing to lower upstream volumes.

2026 outlook: We expect average crude oil prices this year to be higher ~25% Y/Y, while Aramco's flexibility to divert exports from east to west coast will limit the drop in crude oil volumes (-11.0% Y/Y). We expect topline to rise 13.7% Y/Y to SAR 1,899bn and net income by 38.7% to SAR 483bn. Our estimates assume an average oil price of around USD 85/bbl and hydrocarbon volume of 11.7 mmboed, including crude oil production of 8.4 mbpd. Our assumptions are based on energy supply routes and production level returning to normalcy by Q4-26. Aramco is trading at P/E of 13.5x and a dividend yield of 5.1% based on our FY26E estimates. We retain our "**Overweight**" rating and a TP of **SAR 29.6/share**.

SAR bn	Q2-25	Q1-26	Q2-26E	Change Y/Y	Change Q/Q
Brent crude (USD/bbl)	65.9	79.6	96.7	46.7%	21.5%
Realized oil price (USD/bbl)	66.7	76.9	99.6	49.3%	29.5%
Total hydrocarbon prod. (mmboed)	12.8	12.6	10.0	-	-
Liquid (mbpd)	10.5	10.6	8.0	-	-
Gas (bscfpd)	11.7	10.5	10.0	-	-
Upstream revenue (SAR bn)	158.9	205.3	193.5	21.8%	-5.7%
Downstream revenue (SAR bn)	247.6	261.4	263.2	6.3%	0.7%
Revenue	**407.1**	**467.2**	**458.5**	12.6%	-1.9%
EBIT*	167.1	222.5	221.4	32.5%	-0.5%
EBIT Margin	41.0%	47.6%	48.3%	-	-
Adj. EBIT	172.8	225.4	221.4	28.2%	-1.8%
Net Profit	**85.6**	**120.1**	**119.6**	39.7%	-0.5%
Adj. Net Profit	**92.7**	**124.1**	**119.6**	29.1%	-3.6%

Source: Company Reports, AlJazira Capital; *EBIT = Total revenue-operating costs

Recommendation	**Overweight**
Target Price (SAR)	**29.6**
Upside / (Downside)*	**10.4%**

Source: Tadawul *prices as of 20th of July 2026

Key Financials

SARbn (unless specified)	FY24	FY25	FY26E
Revenue	1,802	1,671	1,899
Growth %	-2.9%	-7.2%	13.7%
EBIT	775	707	918
EBITDA	878	800	1,015
Net Income	394	348	483
Growth %	-13.0%	-11.6%	38.7%
EPS	1.63	1.44	1.99
DPS	1.93	1.32	1.37

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY24	FY25	FY26E
EBIT Margin	43.0%	42.3%	48.3%
EBITDA Margin	48.7%	47.9%	53.4%
Net Margin	21.9%	20.8%	25.4%
ROE	27.0%	23.3%	29.6%
ROA	16.4%	13.8%	17.8%
P/E (x)	17.2	16.6	13.5
P/B (x)	4.7	3.9	4.0
EV/EBITDA (x)	7.8	7.3	6.4
Dividend Yield	6.9%	5.6%	5.1%

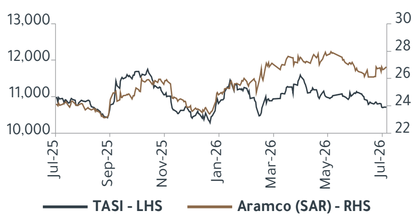
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	6,495
YTD%	12.6%
52 week (High)/(Low)	27.96/23.04
Share Outstanding (bn)	242.0

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Bloomberg, Aljazira Capital Research

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RESEARCH DIVISION

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RATING TERMINOLOGY

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.

Disclaimer