Saudi Arabian Oil Co. (ARAMCO)

Results Flash Note Q3-25

Topline growth backed higher upstream volumes and strong operating performance boosts profitability; maintain "Overweight"

Saudi Arabian Oil Company's (Aramco) net income (after minority) increased 13.6% Q/Q but fell 0.4% Y/Y to SAR 97.3bn in Q3-25 in line with AJC's estimate of SAR 95.1bn. The adjusted net income came in at SAR 102.7bn, up 10.7% Q/Q. The Q/Q net income growth was attributable to higher revenue and a sizable expansion of operating margin. The revenue grew 2.7% Q/Q to SAR 418.2bn, in line with our estimate of SAR 426.2bn. The higher crude oil and gas production volumes and higher oil prices supported upstream revenue growth, while downstream revenue decreased. Operating profit rose 15.8% Q/Q to SAR 193.5bn (AJC: SAR 185.0bn), while adjusted EBIT grew 14.9% Q/Q to SAR 198.5bn. Adjusted operating margin expanded ~500bps Q/Q to 47.5%. We maintain our TP of SAR 29.6/share and "Overweight" recommendation on Aramco.

- Aramco's net income increased 13.6% Q/Q to SAR 97.3bn in Q3-25 in line with AJC's estimate of SAR 95.1bn. The adjusted net income came in at SAR 102.7bn, up 10.7% Q/Q. The Q/Q net income growth was attributable to higher revenue and a sizable expansion of operating margin. On the Y/Y basis net income declined 0.4% and adjusted net income decreased 1.3%.
- Revenue rose 2.7% Q/Q to SAR 418.2bn, in line with our estimate of SAR 426.2bn. The growth was supported by higher crude oil and gas volumes and higher realized oil prices, partially offset by the decline in downstream business. The upstream revenue increased 14.0% Q/Q to SAR 181bn, while downstream revenue decreased to 4.5% Q/Q to SAR 236bn. Average realized crude oil price in Q3-25 stood at USD 70.1 per barrel vs. USD 66.7 per barrel in Q2-25, while total hydrocarbon production rose to 13.3 mmboed in Q3-25 from 12.8 in the previous quarter with liquids production growing to 10.8 mmbpd (Q2-25: 10.5 mmbpd) and gas production rising to 12.6 bscfpd (Q2-25: 11.9 bscfpd).
- Operating profit grew 15.8% Q/Q to SAR 193.5bn in Q3-25 (AJC estimate: SAR 185.0bn), as operating costs declined 6.4% Q/Q. Adjusted EBIT rose 14.9% Q/Q to SAR 198.5bn. Adjusted EBIT margin expanded from 42.4% in Q2-25 to 47.5% in Q3-25, as a results lower operating cost due to lower purchases amid lower crude oil volumes purchased in downstream. Adjusted EBIT for upstream segment rose to SAR 193.1bn from SAR 167.5bn in Q2-25, while downstream adjusted EBIT was up marginally to SAR 9.8bn vs. SAR 9.7bn in the last quarter.
- Aramco's CAPEX for the quarter stood at SAR 47.1bn vs. SAR 46.2bn in Q2-25. FCF surged to SAR 88.4bn from SAR 57.1bn in the previous quarter. The dividend payment remained in line with the guidance with base dividend payment of SAR 79.3bn and performance linked dividend of SAR 0.8bn. Gearing ratio eased slightly from 6.5% in Q2-25 to 6.3% in Q3-25.

AJC view and valuation: Aramco's Q3-25 revenue was broadly in line with our expectations, but adjusted earnings exceeded our expectations. The company delivered strong operating performance with ~500 bps Q/Q expansion of adjusted operating margins. A sharp jump of 55% Q/Q in FCF reflects improved operating efficiency and cash generation capability. Additionally, increased crude oil production will help mitigate lower prices. However, we believe the recent pause announced by OPEC+ in production hike is likely to keep production stable in H1-26. Gas production reached a high of 12.6 bscfpd and Aramco increased its target for gas production growth from 60% to 80% which will be supported by completion of Tanajib Gas Plant and Jafurah phase-I this year. Moreover, Fadhili Gas Plant expansion by FY27 and potential phase-II of Jafurah indicated consist increase in gas volumes over the next few years. That said, near term pressure from lower oil prices is expected to persist. We forecast a 7.7% Y/Y decline in revenue for FY25E to SAR 1.66tn, driven primarily by an anticipated ~15% drop in average oil prices. Aramco currently trades at an EV/EBITDA ratio of 7.4x and P/E of 16.4x based on our FY25E estimates. FY25E dividend yield is estimated at 5.3%. We maintain our TP of **SAR 29.6/share** and "**Overweight**" recommendation on Aramco.

Results Summary

SAR bn	Q3-24	Q2-25	Q3-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Revenue	464.6	407.1	418.2	-10.0%	2.7%	-1.9%
EBIT	192.8	167.1	193.1	0.2%	15.6%	4.4%
EBIT Margin	41.5%	41.0%	46.2%	-	-	-
Adj. EBIT	197.0	172.8	198.5	0.8%	14.9%	7.3%
Net Profit (after NCI)	97.6	85.6	97.3	-0.4%	13.6%	2.2%
Adj. Net Profit (after NCI)	104.0	92.7	102.7	-1.3%	10.7%	7.9%
EPS	0.40	0.35	0.40	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	Overweight
Target Price (SAR)	29.6
Upside / (Downside)*	15.7%

Source: Tadawul *prices as of 3rd of November 2025

Key Financials

(in SAR bn, unless specified)	FY23	FY24	FY25E
Revenue	1,856	1,802	1,663
Growth %	-18.1%	-2.9%	-7.7%
EBIT	868	775	734
EBITDA	965	878	839
Net Income	453	394	370
Growth %	-24.2%	-13.0%	-6.0%
EPS	1.87	1.63	1.53
DPS	1.52	1.93	1.32

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25E
EBIT Margin	46.8%	43.0%	44.1%
EBITDA Margin	52.0%	48.7%	50.5%
Net Margin	24.4%	21.9%	22.3%
ROE	29.5%	27.0%	24.9%
ROA	18.5%	16.4%	15.4%
P/E (x)	17.6	17.2	16.4
P/B (x)	5.2	4.7	4.1
EV/EBITDA (x)	8.2	7.8	7.4
Dividend Yield	4.6%	6.9%	5.3%

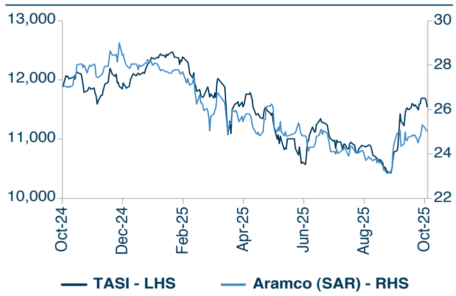
Source: Company reports, Aljazira Capita Research

Key Market Data

Market Cap(bn)	6,190
YTD%	-8.8%
52 week (High)/(Low)	29.00/23.04
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