

Daily Bulletin

September 22, 2026

Bahri: Record VLCC rates extend earnings momentum in 4Q26

Last Price: SAR 35.4 | YoY Performance: 42.5% | Consensus Target Price: SAR 40.3

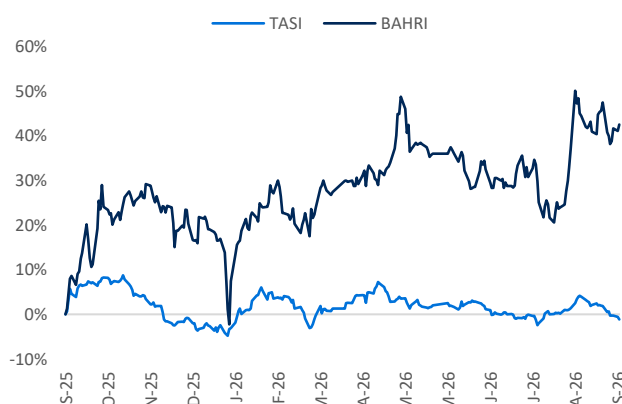
Bahri offers the most direct exposure in TASI to the currently prevailing record VLCC earnings environment and stands to be one of the key beneficiaries. Benchmark TD3C (Arabian Gulf – China) route crossed USD 1.0 mn/day for the first time on 14 September and surpassed USD 1.2 mn/day on 18 September, against a pre conflict average of USD 45,000/day, as elevated transit risk and tight vessel availability on key Middle East routes squeeze effective supply. Bahri owned 49 VLCCs at the end 2Q26, c.5% of the global VLCC capacity and one of the largest fleets worldwide and all deployed in oil transportation and operated primarily in the spot market.

The earnings sensitivity was visible in 2Q26. Revenue rose 156% YoY to SAR 6.3 bn, while net profit attributable to equity holders rose 574% to SAR 2.7 bn from SAR 407 mn. Oil transportation segment revenues rose 266% to SAR 4.7 bn in 2Q26. The company attributed the growth to higher freight rates, increased operating days resulting from a larger average operating fleet, and stronger realized returns. The average realized TCE on owned vessels rose 172% to USD 146,908/day in 2Q26 from about USD 53,971/day in 2Q25, while operating days for owned tankers increased to 4,435 from 4,012. Bahri also chartered in vessels to meet customer demand. Chartered-in tonnage accounted for around 40% of oil transportation segment revenue in 2Q26.

Bahri's financial results should also benefit by re-routing away from Bab El-Mandeb and around the Cape of Good Hope in 3Q26. The diversion of some tankers added 10 to 15 days to some voyages, with the increase exceeding 30 days on some shipments from Yanbu to Asia. Longer voyages increase tanker demand on a ton-mile basis and keep vessels occupied for longer, reducing available supply and supporting freight rates. Bahri confirmed that its entire fleet remained commercially employed during 2Q26, while relying on flexible vessel deployment and chartering from the market to respond to demand and changes in trade flows.

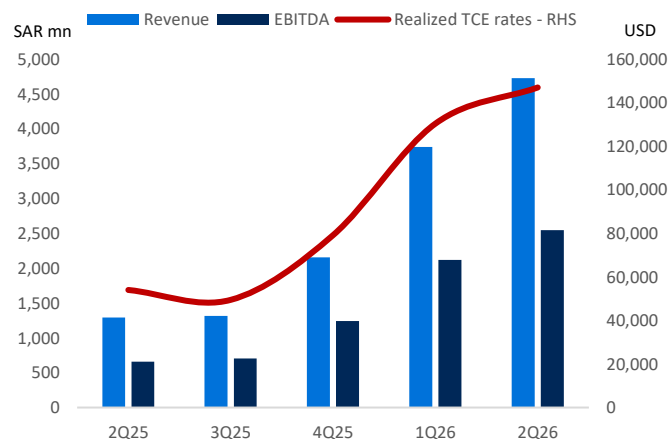
Bahri's stock price has increased 42.5% YoY, outperforming TASI, which declined 1.2% during the same period. The company is currently trading at a 2027e P/E of 9.9x, with a potential upside risk to profitability if TCE rates continue to remain around current levels. The stock has a consensus target price of SAR 40.3/share, implying upside potential of 13.8% from its last close of SAR 35.4/share.

Relative price chart



Source: Bloomberg, anbc research

Oil transportation revenue and TCE rates



Source: Company financials, anbc research

Disclaimer:

This report has been prepared on the basis of information believed to be reliable, but anb capital makes no guarantee, representation or warranty, express or implied, as to the accuracy, correctness or completeness of such information, nor do they accept any responsibility for loss or damage arising in any way (including by negligence) from errors in, or omissions from the information.

This report has been prepared by anb capital for information purposes only and is not and does not form part of nor should be considered advice, recommendation, offer for sale or solicitation of any offer to subscribe for, purchase or sell any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever, and any views or opinions expressed herein are subject to change without notice.

This report and information contained herein, are provided for informational purpose only and does not take into consideration any investment objective, financial situation or particular needs of any recipient and are not designed with the objective of providing information to any particular recipient and only provides general information.