

Daily Bulletin

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> *Aramco Profit Falls as Oil Prices Slide in 2Q25*

Aramco Profit Falls as Oil Prices Drop in 2Q25

Aramco reported its 2Q25 result reporting an adjusted net income of SAR 92 bn, broadly in line with the consensus estimate of SAR 89.3 bn.

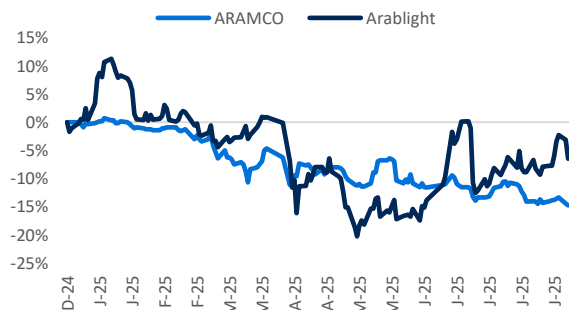
Revenue declined by 13% YoY and 5% QoQ to SAR 407.1 bn in 2Q25, primarily due to weaker realized prices across crude oil, refined, and chemical products. Realized crude prices averaged USD 66.7/bbl in 2Q25, down from USD 85.7/bbl in 2Q24 and USD 76.3/bbl in 1Q25. While traded volumes improved across segments, they were insufficient to offset the pricing impact. Cumulatively for 1H25, revenue stood at SAR 836.8bn, down 8% YoY.

Profitability came under pressure due to topline weakness, with adjusted net income declining by 14% YoY and 7% QoQ to SAR 92 bn in 2Q25. Adjusted EBIT also fell by 16% YoY and 10% QoQ to SAR 172.8 bn, weighed down not only by weaker revenues but also by higher production and manufacturing expenses, primarily driven by increased labor and utility costs. Although production royalties declined due to lower realized prices, the benefit was insufficient to offset the broader cost pressures impacting margins. For 1H25, the net income has declined by 14% YoY and amounted to SAR 182.6 bn.

Aramco is set to add significant capacity across upstream, gas, and downstream segments over the next few years, including: (i) 75mbpd from the Dammam development by 2027 (phase one online in 2025); (ii) 250mbpd and 300mbpd from the Berri and Marjan crude increments by 2025; (iii) 600mbpd of crude processing from Zuluf by 2026; (iv) 2.6bscf of raw gas processing from the Tanajib Gas Plant by 2025; (v) 2.0bscf of sustainable sales gas from Jafurah by 2030 (phase one completing in 2025); (vi) 1.5bscf from the Fadhili Gas Plant expansion by 2027; (vii) 1.8mn tpa of ethylene from the Shaheen project in South Korea by 2H26; and (viii) 300mbpd of refining and 3.65mn tpa of petrochemical capacity from the HAPCO complex in China by 2H26.

Aramco is trading at a 2025e P/E of 16.0x, with a consensus target price of SAR 28.9/sh, providing an upside potential of 21%. The stock has historically exhibited a reasonably strong correlation (0.7) with oil prices (Arab Light). However, we note that, on a YTD basis, the stock has declined by 15% compared to a 6% drop in Arab Light.

Aramco Vs Arab-light prices (YTD)



Source: Bloomberg, anbc research

Aramco financials (SAR bn)

	2Q25	2Q24	YoY(%)	1Q25	QoQ(%)
Revenue	407	471	-13	430	-5
Operating costs	-240	-264	-9	-238	1
Op. Income	166	206	-19	191	-13
EBIT	166	210	-21	190	-13
Net Income (Adj)	92	107	-14	99	-7

Source: Company financials, anbc research

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