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ALDREES 2Q26: net profit increased 28.1% YoY on back of core business expansion

Last Price: SAR 107.3 | Consensus Target Price: SAR 135.7 | YoY Performance: -15.5%

Aldrees Petroleum and Transport Services Co. reported a 28.1% YoY increase in net income to SAR 123.9 mn in 2Q26, above the consensus estimate of SAR 111.8 mn by 10.9%. Earnings growth in 2Q26 was driven by higher sales in petroleum and transport divisions, which increased 17.7% and 31.9% YoY, respectively, together with a 6.9% YoY increase in income from bank deposits and sukuk and 104.8% YoY rise in other income. The gains were partly offset by 20.5% YoY increase in operating expenses, 62.2% YoY rise in finance cost, and 44.5% YoY higher Zakat.

Petroleum division revenue came in at SAR 7.2 bn in 2Q26, up 17.7% YoY, driven by station network expansion, with station count up 15.3% YoY to 1,383 from 1,200 in 2Q25. Gross margin was 2.6% in 2Q26 against 2.7% a year earlier. Net profit came in at SAR 75.7 mn, up SAR 9.3 mn +14.0% from last year. Aldrees holds a 25.6% share of the 5,400 operating stations owned by qualified companies in the Kingdom, with a further 137 stations under construction. Petroleum division is the largest segment for Aldrees, contributing 96.6% of the total revenue.

Transport division revenue reached SAR 255.8 mn in 2Q26, up 31.9% YoY, as a result of a 19.0% YoY increase in owned tractor heads to 2,197, and a 3.5% YoY increase in trailers to 3,135. The segment's gross margin to 32.8% from 29.9%. Net income from the transport division came at SAR 48.2 mn in 2Q26, up 59.5% YoY, with net margin improving to 18.9% from 15.6%. Net income from the transport division made 38.9% of Aldrees' total net income.

On a sequential basis, net income rose 12.5% QoQ from SAR 110.1 mn in 1Q26, while revenue grew 7.3% QoQ from SAR 6.8 bn. The improvement was led by a 6.8% QoQ increase in petroleum sales and a 23.8% QoQ rise in transport division sales, with net margin improving to 1.7% in 2Q26 from 1.6% in 1Q26.

As part of its petroleum services division strategy, Aldrees plans to expand ownership of service stations, establish modern integrated fuel stations with distinct services, and lease station facilities to highly reputed companies with registered trademarks.

Aldrees Petroleum and Transport Services Co.'s stock reacted positively to the financial results, gaining 6.5% intraday. However, the stock price has declined 15.5% YoY, as of last close, underperforming TASI, which declined 2.0% over the same period. The stock is currently trading at 2026e P/E of 24.6x, with a consensus target price of SAR 135.7 per share, implying an upside of 26.5%.

Relative price chart

Source: Tadawul, anbc research

Key financials (SAR mn)

	2Q26	2Q25	YoY (%)	1Q26	QoQ (%)	Consensus	Var (%)
Revenue	7,329	6,211	*18.0*	6,830	*7.3*	7,121	*2.9*
COGS	7,060	5,989	*17.9*	6,582	*7.3*	6,874	*2.7*
Gross profit	**269**	**222**	***21.5***	**247.1**	***8.9***	**246.8**	*9.0*
Gross margin (%)	3.7	3.6		3.6		3.5	
Operating exp.	98	81	*20.5*	92	*6.0*	88	*10.5*
Operating profit	**172**	**141**	***22.1***	**155**	***10.6***	**159**	*8.2*
Oper. margin (%)	2.3	2.3		2.3		2.2	
Net income	**124**	**97**	***28.1***	**110**	***12.5***	**112**	***10.9***
Net margin (%)	1.7	1.6		1.6		1.6	
EPS	***1.2***	***1.0***		***1.1***		***1.1***	

Source: Company financials, anbc research

Disclaimer: