

US\$1.83trn  
Market Cap.

18.52%  
Free Float

US\$341.19mn  
Avg. Daily Value traded

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# Saudi Arabian Oil Co.

## Q2 2024 earnings preview (Corrected version)

**Neutral**

**Price Target (SAR): 33.50**

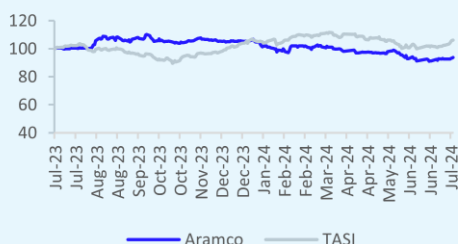
### Major Shareholders % Ownership

Kingdom of Saudi Arabia 81.48

### Price Performance YTD 3M 1M

Absolute -11.3% -4.3% 1.1%

Relative to TASI 1.1% -2.7% 3.8%



Oil production in the Kingdom averaged around 9.01mmbpd for Q22024 while Crude oil prices averaged around \$85/bbl in Q2 2024 vis-à-vis \$82/bbl in Q12024 (realized: \$83/bbl) and \$78/bbl in Q22023 (realized: \$78.8/bbl). Brent prices are expected to have been underpinned by OPEC's announcement of extension of production cut by 2.2mmbpd until September 2024 versus June 2024 and the plan to gradually phase out the production cut by September 2025.

We anticipate Q22024 revenues for Saudi Aramco to be almost flat y-o-y owing to lower production volumes almost offset by higher brent prices compared to Q22023. Revenues are expected to register a marginal growth of 2.0% sequentially, owing to a slight improvement in oil prices for the quarter, albeit production volumes are expected to be at similar levels as Q12024. However, weak refining margins owing to slower demand shall continue to weigh down on the downstream business. Accordingly, the net profit is expected to be flat sequentially (+0.8% q-o-q) at SAR103.1bn.

Figure 1 Q2 2024 ARC Result Estimates

(SAR bn)	Q2 2024e	Q1 2024	Q2 2023	y-o-y	q-o-q
Hydrocarbon Production (mmbpod)	12.4	12.4	13.4	-7.4%	0.2%
Average Brent Prices (\$/bbl)	85	82	78	9.2%	4.0%
Revenue	446.8	437.8	448.3	-0.3%	2.0%
Revenue excluding other income	408.0	402.0	402.6	1.3%	1.5%
<b>EBITDA</b>	<b>227.2</b>	<b>225.5</b>	<b>235.2</b>	<b>-3.4%</b>	<b>0.8%</b>
EBITDA margin	50.9%	51.5%	52.5%		
<b>Net Profit before minority</b>	<b>103.1</b>	<b>102.3</b>	<b>112.8</b>	<b>-8.6%</b>	<b>0.8%</b>
Net margin	23.1%	23.4%	25.2%		

Source: Company data, Al Rajhi Capital; \* before minority

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"Neutral": We expect the share price to settle at a level between 10% below the current share price and 10% above the current share price on a 12 month time horizon.

"Underweight": Our target price is more than 10% below the current share price, and we expect the share price to reach the target on a 12 month time horizon.

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