Qatar Fuel/Woqod (QFLS)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR14.40	12M Target Price	QR15.70
Implied Upside	9.0%	Old Target Price	QR17.00

1Q2026 NP Miss on GP Margin Disruption; PT Cut on Lower Growth Outlook; Maintain Accumulate

Woqod reported **1Q2026 attributable earnings of QR162.6mn, down 29.4% YoY and 43.6% QoQ, and 20.2% below our estimate, despite total fuel volumes beating our forecast by 7.5%.** The YoY/QoQ decline reflects a **material contraction in fuel volumes (despite being ahead of our model), led by a sharp decline in jet fuel sales**, alongside **lower realized fuel prices, adverse trading stock price variances, and lower B2B margins.** With **fuel volumes broadly beating our expectations, the earnings miss was rather due to a material negative GP margin differential versus our forecast**. Total fuel sales declined 15% YoY, with jet fuel sales particularly weak during the quarter. Jet fuel volumes fell sharply in March 2026, down 87% YoY, driven by the regional war outbreak, which severely disrupted aviation demand and amplified the seasonal weakness typically seen in the first quarter. This, combined with lower fuel prices and adverse operating leverage, weighed materially on profitability. **We cut our 12-month target price to QR15.70 from QR17.00, driven mainly by lower sales volumes/margin/earnings growth than previously modeled, as well as a marginally higher WACC**, which had a modest additional valuation impact. **We maintain our Accumulate recommendation**, however. While 1Q2026 highlights Woqod's near-term earnings sensitivity to exogenous shocks — particularly in jet fuel — the company's **defensive cash flows, strong balance sheet, and attractive dividend yield** continue to underpin medium-term investment appeal. Additionally, management reported that jet volumes were picking up, aligning with the gradual reopening of suspended routes by Qatar Airways.

Highlights

- **Earnings miss was margin-led (not revenue/volume-driven).**
  - **Despite volume resilience versus forecast, gross profit materially underperformed, confirming a negative GP margin differential as the key earnings drag**: Gross profit and EBIT fell sharply, with GPM compressing to 2.7% (vs. 3.9% est.) and EBIT margin declining to 1.2% (vs. 2.3% est.).
  - Net profit of QR162.6mn (vs. QR203.7mn) declined 29.4% YoY, with EPS falling to QR0.16 from QR0.23 in 1Q2025.
  - Revenue declined 21.3% YoY and 26.0% QoQ to QR4.98bn, driven by a 14.8% decline in overall fuel volumes and a 7% decrease in average fuel prices.
- **Volumes: Jet Fuel the Primary Earnings Drag, But in-line With Expectations**
  - **Volumes did not disappoint versus expectations.** Total fuel sales volumes in 1Q2026 came in at **2,232mn liters**, representing a **14.8% YoY** and **24.4% QoQ** decline, but **+7.5% above our estimate.**
  - While **jet fuel volume declined sharply YoY (-26%) and QoQ (-34%)**, it was **in line with our forecast**, even after incorporating the **87% YoY collapse in March 2026** due to the ongoing regional war. Lower jet fuel prices (down 7% YoY) further compounded the impact on revenue and margins.
  - **Combined diesel and gasoline volumes declined 1.9% YoY,** better than modeled, driven mainly by lower B2B offtake and softer demand. On a QoQ basis, diesel and gasoline volumes declined 16.8% and 11.4%, respectively, reflecting both seasonality and weaker activity levels.
- **Lowering Forecasts for the Remainder of FY2026; Early Signs of Volume Recovery Post 1Q**
  - **Early signs of jet fuel recovery reduce downside risk to 2Q, but margin normalization remains the swing factor. Jet fuel volumes showed recovery in April**, with management indicating volumes have recovered to **~50% of normal levels** based on the most recent two-week run-rate. We are lowering our volume and margin estimates for the remainder of the year to capture the lingering uncertainty. We note, however, downside risks came from exogenous disruption, not structural demand weakness.
  - **The key modeling risk remains margins**, which proved more volatile than expected.

Catalysts

- **Near-term:** Normalization of jet fuel demand. **(2)** Stability of trading stock price variances. **(3)** Recovery in B2B volumes. **(4)** Execution of station rollout and modernization plans.
- **Longer-term: (1)** The business lacks notable catalysts, but Woqod's balance sheet contains enough fuel for various corporate actions including buybacks, special dividends and acquisitions – including improved non-fuel income. However, there is little visibility on if or when this happens. **(2)** Re-negotiate better terms with Qatar Energy (QE) and QA. **(3)** Qatar Airways fleet growth (jet demand), LNG-linked bunkering expansion. **(4)** Sustained rollback of EV targets by auto manufacturers.

Recommendation, Valuation and Risks

- **Recommendation and Valuation**: ***We reduce our PT to QR15.70 from QR17.00 implying 9.0% upside. We maintain an "Accumulate" rating specifically for income-oriented investors; Woqod's improving margin profile and balance sheet optionality underpin medium-term upside – we estimate that ~31% of PT comes from its non-core operations (investments+cash).*** Our TP is a weighted average of various valuation models: DCF, Dividend Model and Relative Valuation. The primary thesis is that Woqod's petroleum business still has select pockets (jet fuel and LNG expansion-linked bunkering) of potential growth in the medium-term helped by its dominant market position in Qatar and recovering profitability in core operation. Plus, more value could be unlocked from optimizing the balance sheet.
- **Risks: (1)** Customer/supplier concentration (QA/QE) risk & margin-erosion **(2)** Commodity price swings and inventory valuation effects **(3)** Regulatory/pricing changes risk **(4)** structural demand erosion from EV adoption **(5)** Geopolitics

Key Data

Current Market Price (QR)	14.40
Dividend Yield (%)	6.3
Bloomberg Ticker	QFLS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QFLS.QA
ISIN	QA0001200771
Sector*	Consumer Goods
52wk High/Low (QR)	16.13/14.23
3-m Average Vol.	645,075
Mkt. Cap. ($ bn/QR bn)	3.9/14.3
EV ($ bn/QR bn)	2.4/8.8
Shares O/S (mn)	994.3
FO Limit* (%)	100%
FO (Institutional)* (%)	13.3
1-Year Total Return (%)	2.3
Fiscal Year-End	December 31

Source: Bloomberg (as of April 20, 2026), *Qatar Exchange (as of April 19, 2026); Note: FO is foreign ownership

Key Financial Data and Estimates

GROUP	2025	2026e	2027e
EPS (QR)	1.05	1.00	0.99
P/E (x)	13.77	14.39	14.49
EV/EBITDA (x)	15.11	17.15	16.40
DPS (QR)	0.90	0.90	0.90
DY (%)	6.3%	6.3%	6.3%

Source: Company data, QNBFS Research; Note: All data based on current number of shares

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Financial Statements and Forecasts

1Q2026 Condensed Income Statement vs. Estimates (QR'000)

Income Statement	1Q25	4Q25	1Q26	1Q26e	YoY	QoQ	Vs. Est.
REVENUE	**6,323,293**	**6,726,721**	**4,976,618**	**4,790,851**	-21.3%	-26.0%	3.9%
GROSS PROFIT	192,676	254,655	134,944	188,505	-30.0%	-47.0%	-28.4%
GPM	*3.0%*	*3.8%*	*2.7%*	*3.9%*			
EBIT	119,972	200,129	57,857	111,190	-51.8%	-71.1%	-48.0%
EBIT M	*1.9%*	*3.0%*	*1.2%*	*2.3%*			
NON-CORE EARNINGS	**121,544**	**99,805**	**109,714**	**99,805**	-9.7%	9.9%	9.9%
PROFIT FOR THE PERIOD	**241,516**	**297,976**	**167,571**	**210,995**	-30.6%	-43.8%	-20.6%
ATTRIB. EARNINGS	**230,486**	**288,421**	**162,637**	**203,714**	-29.4%	-43.6%	-20.2%
NP M	*3.6%*	*4.3%*	*3.3%*	*4.3%*			
EPS	**0.232**	**0.290**	**0.164**	**0.205**	-29.4%	-43.6%	-20.2%
VOLUME (MN LITERS)	**2,620**	**2,953**	**2,232**	**2,077**	-14.8%	-24.4%	7.5%
Diesel	441	519	432	351	-2.0%	-16.8%	23.2%
Gasoline	748	830	735	654	-1.7%	-11.4%	12.5%
Super Gasoline	371	433	391	322	5.4%	-9.7%	21.4%
Premium Gasoline	377	391	344	332	-8.8%	-12.0%	3.8%
Total Auto Fuel Volume	1,189	1,349	1,167	1,004	-1.9%	-13.5%	16.2%
Jet Fuel	1,431	1,604	1,065	1,073	-25.6%	-33.6%	-0.7%

Source: Company data, QNBFS Research

Early Signs of Volume Recovery & Capex On Track

A key incremental takeaway from the conference call was **management's early commentary on post-March recovery trends**:

- **Jet fuel volumes showed recovery in April**, with management indicating volumes have recovered to **~50% of normal levels** based on the most recent two-week run-rate. However, management cautioned that visibility remains limited but noted that **both jet fuel and other fuel categories have shown improvement in recent weeks**. This early recovery signal is **directionally supportive** for 2Q2026, although we have **not yet factored full normalization** into our forward estimates.
- Management reaffirmed that **petrol station expansion plans remain on track**, with no change to the rollout schedule. Despite near-term demand softness, network expansion continues.

QNB FS Estimates Revision (QR MN)

	2025	2026e		Change	2027e		Change	2028e		Change
		Current	Previous		Current	Previous		Current	Previous	
REVENUE	**25,943**	**24,086**	**26,773**	-10.0%	**25,244**	**28,467**	-11.3%	**25,708**	**29,285**	-12.2%
GROSS PROFIT	869	793	889	-10.7%	856.2	971	-11.8%	872.5	999	-12.7%
EBITDA	882	817	915	-10.7%	847.3	977	-13.3%	867.7	1,013	-14.4%
OPERATING PROFIT	643	587	668	-12.1%	631.7	741	-14.8%	649.2	772	-15.9%
NET PROFIT	**1,040**	**995**	**1,068**	-6.8%	**988**	**1,120**	-11.8%	**995**	**1,143**	-12.9%

Source: Company data, QNBFS Research

Income Statement (QR MN)

	2025	2026e	2027e	2028e	2029e	2030e
REVENUE	**25,943**	**24,086**	**25,244**	**25,708**	**27,043**	**28,720**
GROSS PROFIT	869	793	856	873	920	979
EBITDA	882	817	847	868	917	982
OPERATING PROFIT	643	587	632	649	690	745
NET PROFIT	**1,040**	**995**	**988**	**995**	**1,039**	**1,097**

Source: Company data, QNBFS Research

Cash flow Statement (QR MN)

	2025	2026e	2027e	2028e	2029e	2030e
Cash flow from operations	1,057	780	1,091	1,064	1,176	1,265
Cash flow from investing activities	131	391	(35)	31	(74)	(119)
Cash flow from financing activities	(1,136)	(1,083)	(971)	(971)	(971)	(1,021)
(Decrease)/Increase in cash	**52**	**88**	**85**	**125**	**131**	**125**
Beginning cash	2,024	1,293	1,380	1,465	1,590	1,721
Closing cash	**2,076**	**1,380**	**1,465**	**1,590**	**1,721**	**1,846**

Source: Company data, QNBFS Research

Balance Sheet (QR MN)

GROUP (QR'MN)	2025	2026e	2027e	2028e	2029e	2030e
Non-current assets						
Property, plant & equipment	2,997	2,801	2,935	2,989	3,144	3,339
Right of use assets	1,160	1,098	1,059	1,019	979	940
Investment properties	827	813	797	781	765	749
Investment securities	4,438	4,429	4,429	4,429	4,429	4,429
Goodwil & intangibles	165	144	144	144	144	144
	9,586	**9,284**	**9,363**	**9,362**	**9,461**	**9,601**
Current assets						
Inventories	537	545	570	581	611	649
Due from related parties	195	238	250	255	268	284
Trade receivables	1,656	1,521	1,594	1,623	1,707	1,813
Prepayments/other receivables	71	147	147	147	147	147
Cash and bank balances+short term deposits	2,809	1,980	2,065	2,190	2,321	2,446
Total Current Assets	**5,268**	**4,431**	**4,626**	**4,795**	**5,054**	**5,339**
TOTAL ASSETS	**14,854**	**13,715**	**13,989**	**14,157**	**14,515**	**14,940**
EQUITY & LIABILITIES						
Equity						
Share capital	994	994	994	994	994	994
Legal reserve	499	499	499	499	499	499
Fair value reserve	18	23	23	23	23	23
Revaluations surplus	498	502	502	502	502	502
Retained earnings	6,967	6,181	6,249	6,325	6,443	6,569
Common equity	**8,976**	**8,199**	**8,268**	**8,344**	**8,462**	**8,587**
Non-controlling interest	109	150	188	226	266	307
Total equity	**9,084**	**8,349**	**8,456**	**8,570**	**8,728**	**8,894**
Non-current liabilities						
Employees benefits	179	179	179	179	179	179
Decomissioning Provision	90	37	37	37	37	37
Finance lease liability	1,071	1,047	1,023	999	974	950
Total non-current liabilities	**1,340**	**1,263**	**1,238**	**1,214**	**1,190**	**1,166**
Current liabilities						
Trade and other payables	1,043	1,062	1,111	1,132	1,190	1,264
Due to related parties	3,362	3,018	3,160	3,218	3,385	3,594
Finance lease liability	25	24	24	23	22	22
Total current liabilities	**4,429**	**4,104**	**4,295**	**4,373**	**4,598**	**4,880**
TOTAL EQUITY & LIABILITIES	**14,854**	**13,715**	**13,989**	**14,157**	**14,515**	**14,940**

Source: Company data, QNBFS Research

Ratios

	2025	2026e	2027e	2028e	2029e	2030e
Growth Rates						
Revenue	-7.5%	-7.2%	4.8%	1.8%	5.2%	6.2%
Gross Profit	7.4%	-8.8%	7.9%	1.9%	5.4%	6.5%
EBITDA	12.8%	-7.4%	3.8%	2.4%	5.6%	7.1%
EBIT	11.1%	-8.8%	7.7%	2.8%	6.2%	8.0%
NP	-1.2%	-4.4%	-0.7%	0.7%	4.4%	5.6%
EPS	-1.2%	-4.4%	-0.7%	0.7%	4.4%	5.6%
DPS	-10.0%	0.0%	0.0%	0.0%	5.6%	5.3%
CFPS	20.0%	-29.2%	42.2%	-2.4%	10.3%	7.5%
FCFF						
Operating Ratios						
Gross Margin	3.35%	3.29%	3.39%	3.39%	3.40%	3.41%
EBITDA Margin	3.40%	3.39%	3.36%	3.38%	3.39%	3.42%
EBIT Margin	2.5%	2.4%	2.5%	2.5%	2.6%	2.6%
Net Margin	4.0%	4.1%	3.9%	3.9%	3.8%	3.8%
Working Capital Ratios						
Inventory Days	8.2	8.6	8.6	8.6	8.6	8.6
Average Collection Period	27.5	28.3	28.3	28.3	28.3	28.3
Payable Days	64.1	63.9	63.9	63.9	63.9	63.9
NWC days	-28.4	-27.0	-27.0	-27.0	-27.0	-27.0
Finance Ratios						
Debt-Equity Ratio	12.2%	13.1%	12.7%	12.2%	11.8%	11.3%
Net Debt -Equity Ratio	-10.9%	-3.8%	-5.1%	-6.8%	-8.6%	-10.2%
Net Debt -to-Capital	-9.7%	-3.3%	-4.5%	-6.1%	-7.7%	-9.1%
Net Debt -to-EBITDA	-1.1	-0.4	-0.5	-0.7	-0.8	-0.9
Interest Coverage	-16	N.M.	N.M.	N.M.	N.M.	N.M.
Return Ratios						
ROIC	7.7%	7.1%	7.7%	7.9%	8.4%	9.1%
ROE	11.6%	12.1%	12.0%	11.9%	12.3%	12.8%
ROA	7.3%	7.5%	7.3%	7.3%	7.4%	7.6%
Liquidity Ratios						
Current Ratio	1.2	1.1	1.1	1.1	1.1	1.1
Quick Ratio	1.1	0.9	0.9	1.0	1.0	1.0
Cash Ratio	0.5	0.3	0.3	0.4	0.4	0.4
Current Ratio (+investments)	2.2	2.2	2.1	2.1	2.1	2.0
Valuation Ratios						
EV/Sales	0.5	0.6	0.6	0.5	0.5	0.5
EV/EBITDA	15.1	17.2	16.4	15.8	14.8	13.7
EV/EBIT	15.1	17.2	16.4	15.8	14.8	13.7
P/E	13.8	14.4	14.5	14.4	13.8	13.1
P/CFO	12.9	18.2	12.8	13.1	11.9	11.1
P/BV	1.6	1.7	1.7	1.7	1.7	1.7
Dividend Yield	6.3%	6.3%	6.3%	6.3%	6.6%	6.9%
FCF Yield	8.3%	4.9%	9.9%	9.1%	10.7%	11.6%

Source: Company data, QNBFS Research

Recommendations *Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price*		Risk Ratings *Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals*	
OUTPERFORM	Greater than +20%	**R-1**	Significantly lower than average
ACCUMULATE	Between +10% to +20%	**R-2**	Lower than average
MARKET PERFORM	Between -10% to +10%	**R-3**	Medium / In-line with the average
REDUCE	Between -10% to -20%	**R-4**	Above average
UNDERPERFORM	Lower than -20%	**R-5**	Significantly above average

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