Qatar Fuel/Woqod (QFLS)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR15.44	12M Target Price	QR17.00
Implied Upside	10.1%	Old Target Price	QR16.56

4Q2025 EPS Beats On Firmer Margins; FY2025 DPS Slightly Light vs Forecast; Nudge PT Higher

We raise our PT to QR17 following Woqod's constructive FY2025 financials. Woqod's 4Q2025 attributable earnings of QR288.4mn (+2.6% YoY, -0.9% QoQ) came in +4.2% vs. our estimate, as fuel margins surprised to the upside (gross profit and EBIT materially above our model) despite a flat-to-soft top-line and slightly lower volumes QoQ. 4Q2025 results show resilient margins and stable volumes despite softer fuel prices. FY2025 attributable profit was QR1,040.0mn (-1.2% YoY), with **the board recommending a FY2025 total DPS of QR0.90 (QR0.40 interim + QR0.50 final)** – 3.2% below our QR0.93 expectation, consistent with management's emphasis on funding near-term projects while preserving a strong cash/investment buffer. Management continues to scale the network, now with 128 stations operational, and five (4 stations + 1 vehicle inspection center) under construction – the intention is to complete 10 stations during 2026 with capex expected to rise considerably to more than QR200mn from ~QR73mn in FY2025. **We view the 4Q2025 print as constructive for the margin narrative. While revenue remains pressured by pricing/mix dynamics, operating profitability outperformed materially versus our model. The key watch items into 2026 are (1) whether the improved margin profile persists as jet fuel volumes normalize, (2) execution on station/FAHES expansion and any operating leverage, and (3) the trajectory of non-core income, which was the principal offset to 4Q operational strength.**

Highlights

- **Earnings beat was margin-led (not revenue-driven).**
  - Revenue of QR6,726.7mn (-0.7% YoY, -0.2% QoQ; -1.7% vs est.)
  - Gross profit of QR254.7mn (+18.6% YoY, -4.4% QoQ; +51.3% vs est.) with GPM 3.8% (vs 2.5% est.)
  - EBIT printed at QR200.1mn (+26.9% YoY, -1.2% QoQ; +64.8% vs est.) with EBIT margin 3.0% (vs 1.8% est.)
  - Positive trading stock variance and tighter cost control lifted GPM and EBIT margins despite lower realized fuel prices. This pattern is consistent with management's narrative that profitability is increasingly influenced by fuel operating income dynamics and inventory/trading effects (notably around jet fuel), while reported revenue remains sensitive to realized prices.
- **Non-core income was the offset (and the main reason "why not a bigger beat").**
  - Non-core earnings: QR99.8mn (-25.3% YoY; +0.3% QoQ; -39.4% vs est.)
  - Management flags lower "dividend and others"/other income as a key FY2025 headwind (including timing effects and lower interest-rate/market factors). That maps onto the 4Q non-core miss versus our model.
- **Volumes still healthy YoY, but modestly softer QoQ (mix did some work).**
  - Total sales volume: 2,953mn liters (+3.0% YoY, -1.6% QoQ; -0.4% vs est.)
  - Diesel: 519 (+3.2% YoY, -5.5% QoQ)
  - Gasoline: 830 (+4.4% YoY, +5.5% QoQ)
  - Jet fuel: 1,604 (+2.3% YoY, -3.7% QoQ)
  - At the FY level, Woqod reported record total fuel sales of 11.4bn liters (+1% YoY), with gasoline as a key growth driver – record annual gasoline volumes, but jet fuel softened marginally for the first time since 2020 (Covid-induced).

Catalysts

- **(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)** Successful execution of station openings and retail initiatives. **(3)** Re-negotiate better terms with Qatar Energy (QE) and QA. **(4)** Qatar Airways fleet growth (jet demand), LNG-linked bunkering expansion. **(5)** Sustained rollback of EV targets by auto manufacturers.

Recommendation, Valuation and Risks

- **Recommendation and Valuation**: ***We raise our PT to QR17.10 from QR16.56 implying 10.1% 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 ~29% 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 short- to- 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)	15.44
Dividend Yield (%)	5.8
Bloomberg Ticker	QFLS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QFLS.QA
ISIN	QA0001200771
Sector*	Consumer Goods
52wk High/Low (QR)	15.57/13.37
3-m Average Vol.	366,039
Mkt. Cap. ($ bn/QR bn)	4.2/15.4
EV ($ bn/QR bn)	2.6/9.3
Shares O/S (mn)	994.3
FO Limit* (%)	100%
FO (Institutional)* (%)	13.2
1-Year Total Return (%)	7.7
Fiscal Year-End	December 31

Source: Bloomberg (as of January 26, 2026), *Qatar Exchange (as of January 26, 2026); Note: FO is foreign ownership

Key Financial Data and Estimates

GROUP	2025	2026e	2027e
EPS (QR)	1.05	1.07	1.13
P/E (x)	14.76	14.38	13.70
EV/EBITDA (x)	16.29	15.58	14.35
DPS (QR)	0.90	0.90	0.95
DY (%)	5.8%	5.8%	6.2%

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

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Financial Statements and Forecasts

4Q2025 Condensed Income Statement vs. Estimates (QR'000)

Income Statement	4Q24	3Q25	4Q25	4Q25e	YoY	QoQ	Vs. Est.
REVENUE	**6,776,064**	**6,743,352**	**6,726,721**	**6,843,029**	-0.7%	-0.2%	-1.7%
GROSS PROFIT	214,767	266,514	254,655	168,343	18.6%	-4.4%	51.3%
GPM	*3.2%*	*4.0%*	*3.8%*	*2.5%*			
EBIT	157,720	202,598	200,129	121,444	26.9%	-1.2%	64.8%
EBIT M	*2.3%*	*3.0%*	*3.0%*	*1.8%*			
NON-CORE EARNINGS	**133,576**	**99,459**	**99,805**	**164,727**	-25.3%	0.3%	-39.4%
PROFIT FOR THE PERIOD	**289,289**	**302,057**	**297,976**	**286,170**	3.0%	-1.4%	4.1%
ATTRIB. EARNINGS	**281,132**	**291,164**	**288,421**	**276,827**	2.6%	-0.9%	4.2%
NP M	*4.1%*	*4.3%*	*4.3%*	*4.0%*			
EPS	**0.283**	**0.293**	**0.290**	**0.278**	2.6%	-0.9%	4.2%
VOLUME (MN LITERS)	**2,866**	**3,001**	**2,953**	**2,965**	3.0%	-1.6%	-0.4%
Diesel	503	549	519	517	3.2%	-5.5%	0.4%
Gasoline	795	787	830	836	4.4%	5.5%	-0.7%
Super Gasoline	387	394	433	411	11.9%	9.9%	5.2%
Premium Gasoline	409	394	391	425	-4.4%	-0.8%	-7.9%
Total Auto Fuel Volume	1,298	1,336	1,349	1,353	3.9%	1.0%	-0.3%
Jet Fuel	1,568	1,665	1,604	1,612	2.3%	-3.7%	-0.5%

Source: Company data, QNBFS Research

QNB FS Estimates Revision (QR MN)

	2025	2026e		Change	2027e		Change	2028e		Change
		Current	Previous		Current	Previous		Current	Previous	
REVENUE	**25,943**	**26,773**	**27,453**	-2.5%	**28,467**	**29,177**	-2.4%	**29,285**	**30,042**	-2.5%
GROSS PROFIT	869	889	859	3.5%	970.6	916	5.9%	999.5	989	1.1%
EBITDA	882	915	883	3.5%	977.4	929	5.2%	1,013.3	965	5.0%
OPERATING PROFIT	643	668	649	3.0%	741.5	684	8.5%	772.1	758	1.8%
NET PROFIT	**1,040.0**	**1,068**	**1,072**	-0.4%	**1,120**	**1,109**	1.0%	**1,143**	**1,192**	-4.2%

Source: Company data, QNBFS Research

Income Statement (QR MN)

	2025	2026e	2027e	2028e	2029e	2030e
REVENUE	**25,943**	**26,773**	**28,467**	**29,285**	**31,049**	**33,206**
GROSS PROFIT	869.5	888.5	970.6	999.5	1,062.0	1,138.6
EBITDA	882.3	914.8	977.4	1,013.3	1,079.6	1,164.6
OPERATING PROFIT	643.1	667.9	741.5	772.1	827.3	898.6
NET PROFIT	**1,040**	**1,068**	**1,120**	**1,143**	**1,203**	**1,278**

Source: Company data, QNBFS Research

Cash flow Statement (QR MN)

	2025	2026e	2027e	2028e	2029e	2030e
Cash flow from operations	1,057	1,163	1,257	1,232	1,366	1,477
Cash flow from investing activities	131	61	(87)	1	(113)	(165)
Cash flow from financing activities	(1,136)	(1,083)	(971)	(1,021)	(1,071)	(1,120)
(Decrease)/Increase in cash	**52**	**141**	**199**	**212**	**182**	**192**
Beginning cash	2,024	2,033	2,174	2,373	2,585	2,767
Closing cash	**2,076**	**2,174**	**2,373**	**2,585**	**2,767**	**2,959**

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	3,113	3,310	3,405	3,610	3,861
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	**9,597**	**9,738**	**9,778**	**9,927**	**10,122**
Current assets						
Inventories	537	606	644	662	702	751
Due from related parties	195	265	282	290	307	329
Trade receivables	1,656	1,690	1,797	1,849	1,960	2,096
Prepayments/other receivables	71	147	147	147	147	147
Cash and bank balances+short term deposits	2,809	2,774	2,973	3,185	3,367	3,559
Total Current Assets	**5,268**	**5,482**	**5,842**	**6,132**	**6,483**	**6,882**
TOTAL ASSETS	**14,854**	**15,078**	**15,580**	**15,910**	**16,411**	**17,004**
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	7,048	7,245	7,415	7,594	7,796
Common equity	**8,976**	**9,066**	**9,264**	**9,433**	**9,612**	**9,814**
Non-controlling interest	109	192	239	285	334	386
Total equity	**9,084**	**9,258**	**9,503**	**9,719**	**9,946**	**10,200**
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	1,180	1,253	1,289	1,367	1,461
Due to related parties	3,362	3,354	3,563	3,665	3,885	4,155
Finance lease liability	25	24	24	23	22	22
Total current liabilities	**4,429**	**4,557**	**4,839**	**4,977**	**5,274**	**5,638**
TOTAL EQUITY & LIABILITIES	**14,854**	**15,078**	**15,580**	**15,910**	**16,411**	**17,004**

Source: Company data, QNBFS Research

Ratios

	2025	2026e	2027e	2028e	2029e	2030e
Growth Rates						
Revenue	-7.5%	3.2%	6.3%	2.9%	6.0%	6.9%
Gross Profit	7.4%	2.2%	9.2%	3.0%	6.3%	7.2%
EBITDA	12.8%	3.7%	6.8%	3.7%	6.5%	7.9%
EBIT	11.1%	3.9%	11.0%	4.1%	7.1%	8.6%
NP	-1.2%	2.7%	4.9%	2.0%	5.3%	6.2%
EPS	-1.2%	2.7%	4.9%	2.0%	5.3%	6.2%
DPS	-10.0%	0.0%	5.6%	5.3%	5.0%	4.8%
CFPS	20.0%	7.2%	8.0%	-1.9%	10.7%	8.1%
FCFF						
Operating Ratios						
Gross Margin	3.35%	3.32%	3.41%	3.41%	3.42%	3.43%
EBITDA Margin	3.40%	3.42%	3.43%	3.46%	3.48%	3.51%
EBIT Margin	2.5%	2.5%	2.6%	2.6%	2.7%	2.7%
Net Margin	4.0%	4.0%	3.9%	3.9%	3.9%	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%	11.8%	11.3%	10.8%	10.4%	9.9%
Net Debt -Equity Ratio	-10.9%	-12.2%	-14.3%	-16.6%	-18.4%	-20.2%
Net Debt -to-Capital	-9.7%	-10.9%	-12.9%	-14.9%	-16.7%	-18.4%
Net Debt -to-EBITDA	-1.1	-1.2	-1.4	-1.5	-1.6	-1.7
Interest Coverage	-16	N.M.	N.M.	N.M.	N.M.	N.M.
Return Ratios						
ROIC	7.7%	8.0%	8.9%	9.2%	9.9%	10.7%
ROE	11.6%	11.8%	12.1%	12.1%	12.5%	13.0%
ROA	7.3%	7.4%	7.5%	7.5%	7.6%	7.8%
Liquidity Ratios						
Current Ratio	1.2	1.2	1.2	1.2	1.2	1.2
Quick Ratio	1.1	1.1	1.1	1.1	1.1	1.1
Cash Ratio	0.5	0.5	0.5	0.5	0.5	0.5
Current Ratio (+investments)	2.2	2.2	2.1	2.1	2.1	2.0
Valuation Ratios						
EV/Sales	0.6	0.5	0.5	0.5	0.4	0.4
EV/EBITDA	16.3	15.6	14.3	13.6	12.6	11.5
EV/EBIT	16.3	15.6	14.3	13.6	12.6	11.5
P/E	14.8	14.4	13.7	13.4	12.8	12.0
P/CFO	13.8	12.9	12.0	12.2	11.0	10.2
P/BV	1.7	1.7	1.7	1.6	1.6	1.6
Dividend Yield	5.8%	5.8%	6.2%	6.5%	6.8%	7.1%
FCF Yield	7.7%	9.3%	10.8%	10.0%	11.7%	12.8%

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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