YAMAMAH
Insights

EQUITY HUB +

Comprehensive Fundamental Financial Analysis Report

Saudi Aramco



A Team of Distinguished Al Yamamah University Students – Riyadh Branch:

Arwa Alhuwaiti - Financial Analyst | Sama Al-Qinyah - Financial Analyst

Lamar Alshammari - Financial Analyst | Hana Almutlaq - Financial Analyst

Supervised by Financial & Economic Analyst

Hamad Alsaeed

Consolidated financial statements . FY2021 - FY2025

FUNDAMENTAL ANALYSIS · ENERGY SECTOR

Saudi Arabian Oil Company
Saudi Aramco

Tadawul: 2222 · FY2021–FY2025

1,671.2	350.2	510.8	320.4
Revenue and other income	Net income	Operating cash flow	Free cash flow
SAR bn · FY25	SAR bn · FY25	SAR bn · FY25	SAR bn · FY25

Neutral analysis based on the audited annual consolidated financial statements published on the Saudi Exchange (Tadawul). All figures in SAR billions unless otherwise stated. This report contains no investment recommendation, fair-value estimate or price target.

Prepared by: Financial Analysis Unit · Yamamah Insights

Company Overview and Executive Summary

Saudi Aramco
Tadawul: 2222

Saudi Arabian Oil Company (Saudi Aramco) operates in the energy sector across the exploration, production and refining of crude oil and natural gas, and the manufacture of petrochemicals. Its operations are organised into two reporting segments, Upstream and Downstream, with activities in more than 50 countries. The company is listed on the Saudi Exchange, with paid-up capital of SAR 90bn divided into 242bn ordinary shares.

Executive summary

Revenue has retreated from its FY22 peak, and earnings have fallen faster. Revenue and other income related to sales declined from SAR 2,266.4bn in FY22 to SAR 1,671.2bn in FY25, a cumulative fall of 26.3%, including 7.2% y/y in FY25. Over FY21–FY25, revenue grew at a 2.7% CAGR while net income contracted at a 4.0% CAGR.

The gap is explained by margin compression. Total operating costs rose from 48.6% of revenue in FY21 to 57.7% in FY25. The operating margin fell from 51.4% to 42.3% and the net margin from 27.5% to 21.0%. Taxation added a second layer of pressure, with the effective income tax and zakat rate rising from 46.4% to 50.2%.

Cash generation has held up better than reported earnings. Operating cash flow was broadly flat at SAR 510.8bn in FY25 (FY24: SAR 508.9bn), and cash conversion (operating cash flow/net income) reached 1.46x, the highest in the period. Free cash flow nonetheless fell from SAR 557.0bn in FY22 to SAR 320.4bn in FY25. Lower operating cash flow accounts for 79% of that decline and higher capex for 21%.

The balance sheet has moved back into net debt, but leverage remains low. After a net cash position in FY22 and FY23, net debt stood at SAR 105.9bn at end-FY25. Net debt/EBITDA was 0.13x and operating income covered finance costs 64x.

Revenue and other income	Operating income	Net income	Operating margin
1,671.2	**706.8**	**350.2**	**42.3%**
SAR bn	SAR bn	SAR bn	of revenue
-7.2% y/y	-8.8% y/y	-12.1% y/y	-0.7pp y/y

Operating cash flow	Capital expenditure	Free cash flow	Return on equity
510.8	**190.4**	**320.4**	**23.6%**
SAR bn	SAR bn	SAR bn	avg. shareholders' equity
+0.4% y/y	+0.8% y/y	+0.1% y/y	-2.7pp y/y

Net debt	Basic EPS	Dividends paid per share	Payout ratio
105.9	**1.44**	**1.32**	**92%**
SAR bn	SAR	SAR · cash paid	cash paid / net income
vs 89.5 in FY24	-11.7% y/y	-31.2% y/y	vs 118% in FY24

Key changes, FY21 vs FY25

SAR bn	FY21	FY25	Change	Change (%)
Revenue and other income related to sales	1,501.8	1,671.2	+169.4	+11.3%
Operating income	771.9	706.8	-65.1	-8.4%
Net income	412.4	350.2	-62.2	-15.1%
Operating margin (change in pp)	51.4%	42.3%	-9.1	—
Capital expenditure	119.6	190.4	+70.8	+59.2%
Free cash flow	403.0	320.4	-82.6	-20.5%
Total assets	2,162.7	2,552.0	+389.3	+18.0%
Net debt	**184.3**	**105.9**	**-78.4**	**-42.5%**

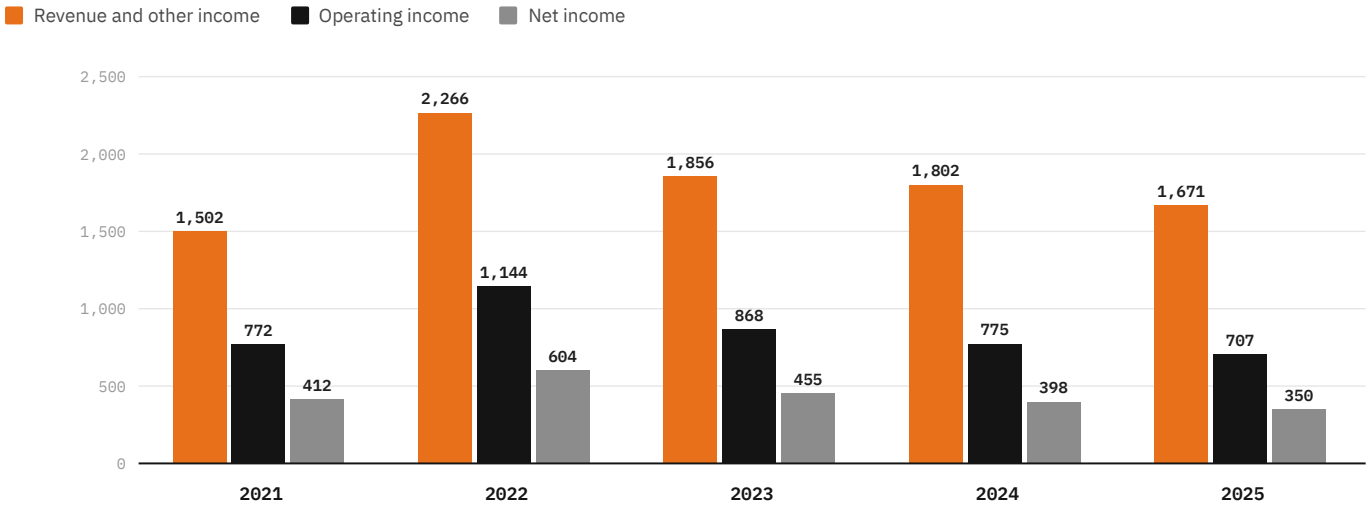
Growth rates on the KPI tiles are y/y (FY25 vs FY24). Dividends paid per share = cash dividends paid to shareholders of the Company during the year divided by the weighted-average share count; the FY25 figure matches the company's disclosure.

Income Statement

SAR bn	FY21	FY22	FY23	FY24	FY25
Revenue	1,346.9	2,007.0	1,653.3	1,637.3	**1,559.3**
Other income related to sales	154.8	259.4	203.1	164.4	**111.9**
Revenue and other income related to sales	**1,501.8**	**2,266.4**	**1,856.4**	**1,801.7**	**1,671.2**
Total operating costs	729.8	1,122.3	988.1	1,027.0	**964.4**
Operating income	**771.9**	**1,144.1**	**868.3**	**774.6**	**706.8**
Share of results of joint ventures and associates	7.9	2.9	-4.0	-5.0	**-8.4**
Finance and other income	1.8	14.9	32.0	22.9	**15.5**
Finance costs	12.1	8.9	8.2	10.5	**11.1**
Income before income taxes and zakat	**769.5**	**1,153.0**	**888.1**	**782.0**	**702.9**
Income taxes and zakat	357.1	549.0	433.3	383.6	**352.6**
Net income	**412.4**	**604.0**	**454.8**	**398.4**	**350.2**
Attributable to shareholders of the Company	395.2	597.2	452.8	393.9	**348.0**
Attributable to non-controlling interests	17.2	6.8	2.0	4.5	**2.2**
Basic EPS (SAR)	1.80	2.72	1.87	1.63	**1.44**

Ratios and derived figures are calculated on unrounded source data (SAR mn); displayed components may not sum to totals due to rounding. The FY24 share of joint-venture results is shown at SAR -5.0bn; see the data notes on page 20.

Figure 1: Revenue, operating income and net income, FY21–FY25 (SAR bn)



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

Earnings move with revenue, but not symmetrically. In FY22, revenue rose 50.9% while net income rose 46.5%. In FY25, revenue fell 7.2% and net income 12.1%. On the way up, earnings lagged revenue because of the progressive royalty; on the way down, they fell further because several cost lines do not decline with revenue.

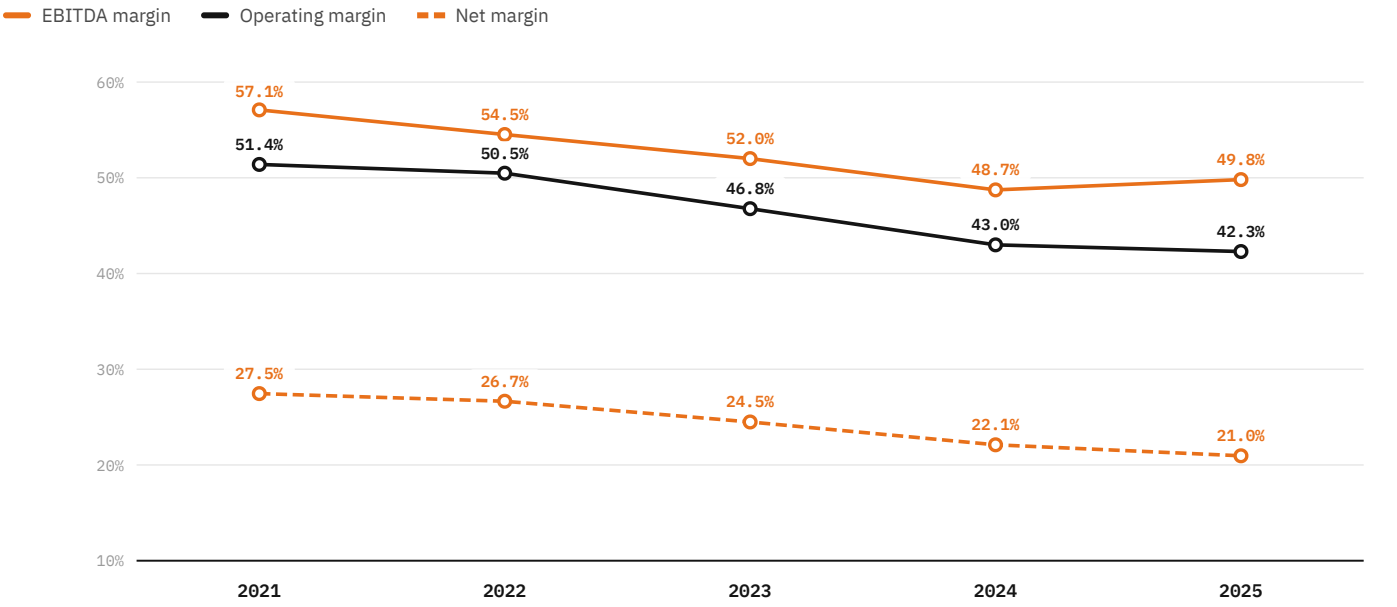
Net income attributable to shareholders was SAR 348.0bn in FY25, versus SAR 393.9bn in FY24. Non-controlling interests took SAR 2.2bn, or 0.6% of net income, despite accounting for 13.3% of total equity. This mismatch suggests that subsidiaries with minority shareholders earn below the group average, although the summary statements lack the segment disclosure needed to confirm it.

The share of joint-venture and associate results swung from a SAR 7.9bn profit in FY21 to a SAR 8.4bn loss in FY25. Finance and other income peaked at SAR 32.0bn in FY23, the year with the highest average short-term investment balance, and fell to SAR 15.5bn in FY25 as that balance was drawn down.

Revenue Mix and Margins

SAR bn	FY21	FY22	FY23	FY24	FY25
Revenue	1,346.9	2,007.0	1,653.3	1,637.3	**1,559.3**
% of total	89.7%	88.6%	89.1%	90.9%	**93.3%**
Other income related to sales	154.8	259.4	203.1	164.4	**111.9**
% of total	10.3%	11.4%	10.9%	9.1%	**6.7%**
Revenue and other income related to sales	**1,501.8**	**2,266.4**	**1,856.4**	**1,801.7**	**1,671.2**
EBITDA (before D&A and impairment)	857.4	1,235.7	965.3	878.1	**832.3**
EBITDA margin	57.1%	54.5%	52.0%	48.7%	**49.8%**
Operating margin	51.4%	50.5%	46.8%	43.0%	**42.3%**
Net margin	27.5%	26.7%	24.5%	22.1%	**21.0%**

Figure 2: Margin trends, FY21–FY25 (% of revenue and other income)



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

The smaller revenue component has driven a disproportionate share of the decline. Other income related to sales fell from SAR 259.4bn in FY22 to SAR 111.9bn in FY25 (-56.9%), and its share of revenue from 11.4% to 6.7%. In FY25 alone it declined by SAR 52.5bn, equivalent to 40% of the y/y fall in revenue. According to company reports, the line mainly represents government compensation for domestic sales at regulated prices and moves with international reference prices. The summary statements do not break it down further.

Margin compression has been continuous rather than a one-year step-down. The EBITDA margin fell from 57.1% in FY21 to 49.8% in FY25, and the operating margin from 51.4% to 42.3%. The gap between the two widened from 5.7pp to 7.5pp. The widening is entirely attributable to impairment, at 1.9% of revenue in FY25; D&A was 5.7% of revenue in FY21 and 5.6% in FY25.

FY25 was the only year in the period in which the EBITDA margin rose, up 1.1pp, while the operating and net margins declined further. EBITDA excludes D&A and impairment, which together rose from SAR 103.5bn to SAR 125.5bn. Cash costs therefore fell faster than revenue, but non-cash charges absorbed that improvement at the operating line.

The gap between the operating and net margins remained wide, at 20.9–23.9pp. It is driven primarily by income tax and zakat; net finance items were immaterial throughout the period.

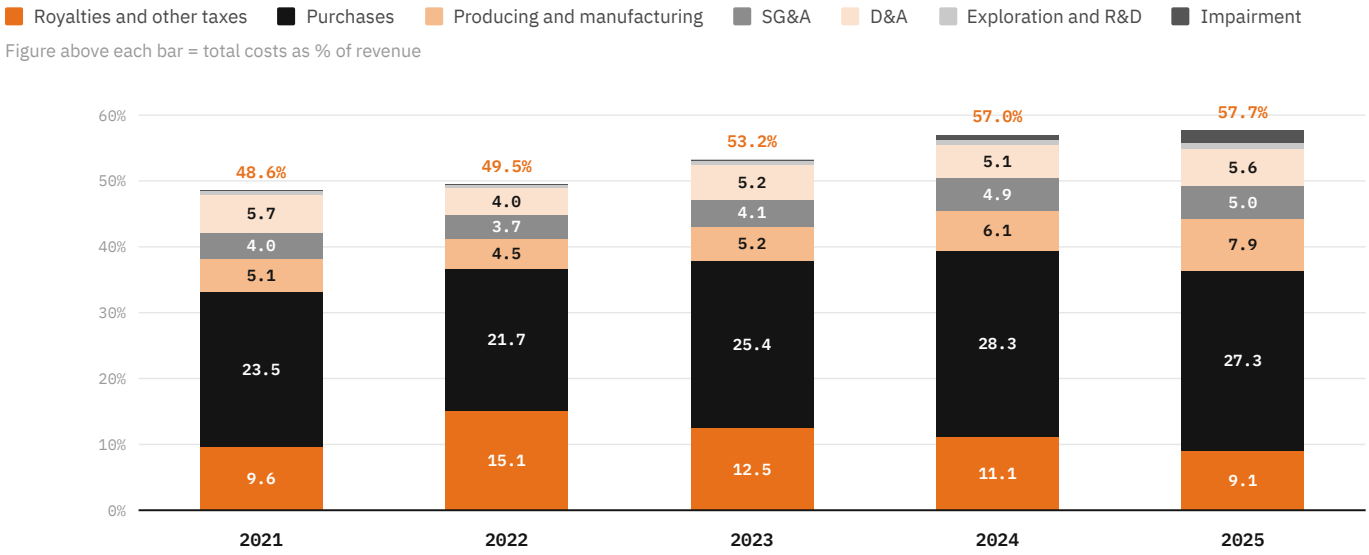
EBITDA is defined here as operating income plus D&A plus impairment and held-for-sale remeasurement losses. The impairment line has been disclosed separately only since the FY25 report; previously it sat within D&A and SG&A. Comparability is therefore partial, as the portion previously booked in SG&A cannot be isolated from the summary statements.

Cost Structure

SAR bn	FY21	FY22	FY23	FY24	FY25
Royalties and other taxes	144.8	341.5	231.8	200.5	**151.4**
Purchases	352.4	490.7	471.2	509.4	**456.2**
Producing and manufacturing	76.5	101.9	96.5	110.3	**132.1**
Selling, administrative and general	59.5	83.7	76.9	88.9	**83.5**
Exploration	7.3	8.4	9.4	8.6	**10.1**
Research and development	3.9	4.4	5.2	5.8	**5.4**
Depreciation and amortisation	85.5	91.6	97.0	91.7	**93.1**
Impairment and held-for-sale remeasurement losses	–	–	–	11.8	**32.4**
Total operating costs	**729.8**	**1,122.3**	**988.1**	**1,027.0**	**964.4**
Total costs / revenue	**48.6%**	**49.5%**	**53.2%**	**57.0%**	**57.7%**

FY24 D&A is shown at SAR 91.7bn; see the reconciliation note at the foot of the page.

Figure 3: Cost structure as a share of revenue and other income, FY21–FY25 (%)



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

The rise in the cost ratio from 48.6% to 57.7% of revenue does not stem from a single line. Royalties and other taxes moved the other way, easing from 9.6% of revenue in FY21 to 9.1% in FY25 after peaking at 15.1% in FY22, as expected for a price-linked item. Purchases rose from 23.5% to 27.3%, producing and manufacturing from 5.1% to 7.9%, and SG&A from 4.0% to 5.0%.

Producing and manufacturing is the fastest-growing line in relative terms, up 72.7% to SAR 132.1bn against revenue growth of 11.3%. In absolute terms, purchases rose most, by SAR 103.9bn versus SAR 55.6bn. Unlike royalties, producing and manufacturing costs do not track selling prices, so their margin impact is most visible when prices fall.

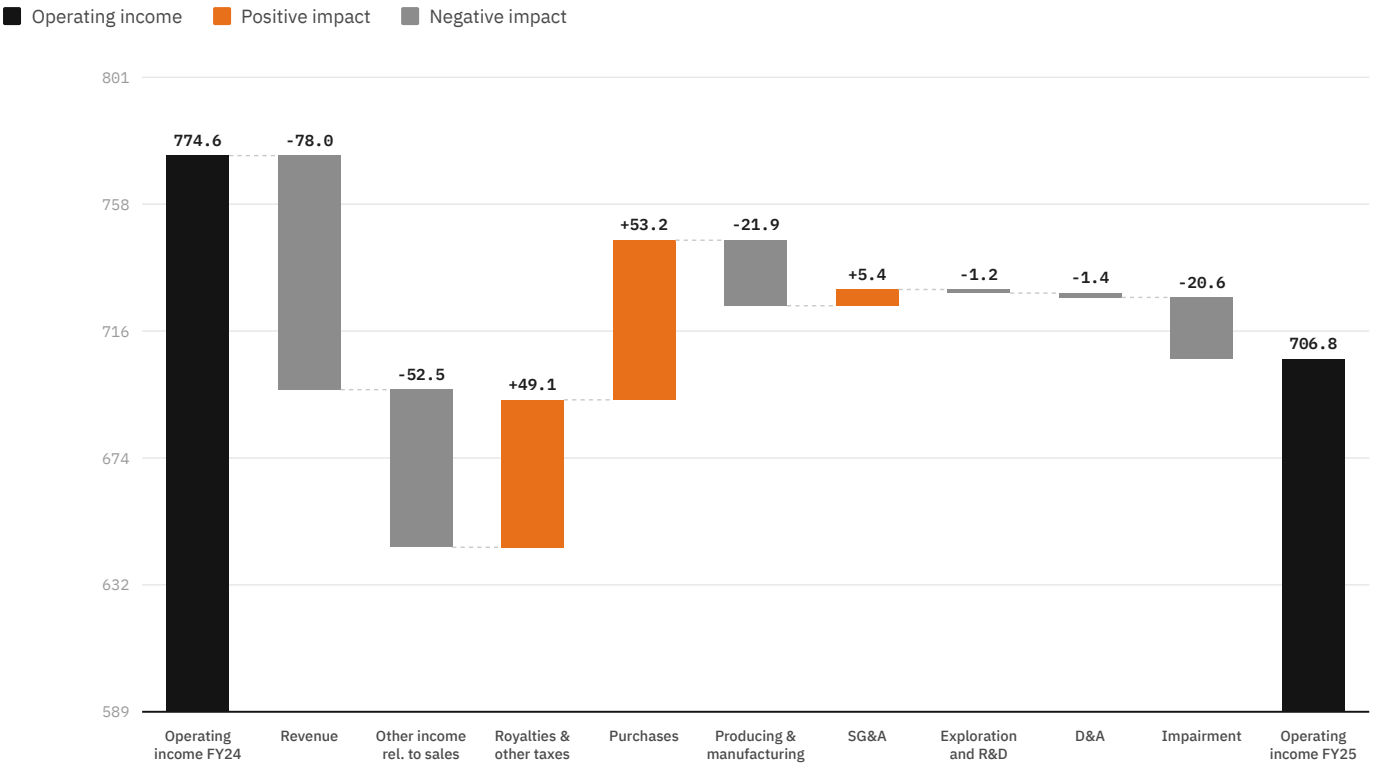
Impairment and held-for-sale remeasurement losses reached SAR 32.4bn in FY25 (FY24: SAR 11.8bn), or 1.9% of revenue. The charge is non-cash and was added back in full in the cash flow statement, leaving operating cash flow unaffected.

R&D ranged between 0.19% and 0.33% of revenue over the period and stood at SAR 5.4bn in FY25. The summary statements provide neither a breakdown of the line nor the amount capitalised within intangible assets.

> **Reconciliation note.** The FY24 report presented D&A of SAR 103.2bn, while the FY25 report shows impairment (SAR 11.8bn) as a separate line. Combining both presentations overstates FY24 itemised costs against the disclosed total of SAR 1,027.0bn by SAR 11.5bn. We therefore use SAR 91.7bn for FY24 D&A, being the residual against disclosed total costs and the same figure reported in the FY24 cash flow statement. On this basis, itemised costs reconcile to the disclosed total in all five years.

Operating Income Bridge: FY25 vs FY24

Figure 4: Operating income bridge, FY24 to FY25 (SAR bn)



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

Drivers of the change in operating income

Driver	SAR bn	% of FY24 op. income
Revenue	-78.0	-10.1%
Other income related to sales	-52.5	-6.8%
Royalties and other taxes	+49.1	+6.3%
Purchases	+53.2	+6.9%
Producing and manufacturing	-21.9	-2.8%
SG&A	+5.4	+0.7%
Exploration and R&D	-1.2	-0.2%
D&A	-1.4	-0.2%
Impairment	-20.6	-2.7%
Change in operating income	**-67.8**	**-8.8%**

Operating income fell SAR 67.8bn y/y. Revenue pressure of SAR 130.5bn was partly offset by SAR 62.7bn of lower costs.

The largest single offset came from purchases (SAR 53.2bn), followed by royalties and other taxes (SAR 49.1bn). Both lines move with prices, so part of the relief mechanically reflects the same factor that lowered revenue rather than an efficiency gain.

Total costs fell 6.1% against a 7.2% decline in revenue. The two rates were close enough to leave the operating margin broadly unchanged, despite the larger absolute decline.

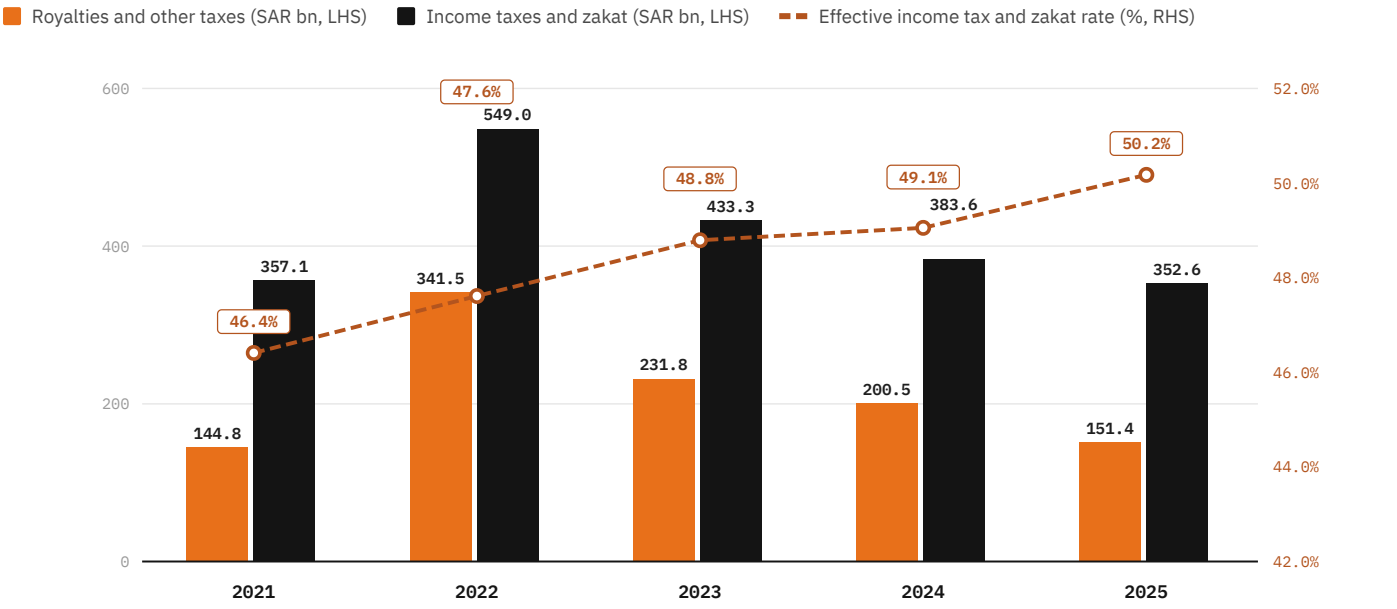
Two lines added pressure: impairment (SAR 20.6bn) and producing and manufacturing (SAR 21.9bn). Without the higher impairment charge, the fall in operating income would have been c.30% smaller.

Excluding impairment in both years, adjusted operating income was SAR 786.5bn in FY24 and SAR 739.2bn in FY25, a decline of 6.0% rather than 8.8%. This is an analytical adjustment, not a disclosed figure; its purpose is to separate operating performance from accounting remeasurement.

The company reported FY25 adjusted net income of SAR 392.45bn against reported net income of SAR 350.2bn, with total adjustments of SAR 42.24bn. These relate mainly to impairment and held-for-sale remeasurement losses, adjustments for joint ventures and associates, losses on assets held for sale, and losses on sales, retirements and disposals. Adjusted net income is a non-IFRS measure and should be distinguished from net income as reported in the income statement.

Royalties and Income Tax

Figure 5: Royalties, income tax and the effective tax rate, FY21–FY25



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

SAR bn	FY21	FY22	FY23	FY24	FY25
Royalties and other taxes	144.8	341.5	231.8	200.5	**151.4**
Income taxes and zakat (expense)	357.1	549.0	433.3	383.6	**352.6**
Total royalties and taxes	**501.9**	**890.5**	**665.1**	**584.1**	**504.1**
Total royalties and taxes / revenue	33.4%	39.3%	35.8%	32.4%	**30.2%**
Effective income tax and zakat rate	46.4%	47.6%	48.8%	49.1%	**50.2%**
Income, zakat and other taxes settled	292.8	502.9	441.1	385.7	**342.4**
Expense less amount settled	64.3	46.1	-7.8	-2.1	**10.2**
Deferred tax liabilities	74.8	122.3	142.4	153.4	**160.7**
Deferred tax assets	15.0	18.1	20.6	20.7	**15.9**
Net deferred tax liability	**59.9**	**104.2**	**121.9**	**132.7**	**144.8**

Government take appears twice in the income statement. Royalties and other taxes are an operating expense, deducted before operating income; income tax and zakat are charged on pre-tax income. Together they totalled SAR 504.1bn in FY25, equivalent to 30.2% of revenue and 1.44x net income.

The effective income tax and zakat rate rose in every year of the period, from 46.4% in FY21 to 50.2% in FY25, an increase of 3.8pp. The rise occurred both in FY22, when pre-tax income peaked, and in the years in which it declined. The summary statements do not include the tax reconciliation required to attribute the increase to specific causes.

Royalties moved in the opposite direction. They fell from a peak of SAR 341.5bn in FY22 to SAR 151.4bn in FY25, down 55.7%, while the effective tax rate continued to climb. On a combined basis, royalties and taxes fell 43.4% between FY22 and FY25, more than the 26.3% decline in revenue over the same period.

In FY25, tax expense exceeded the amount settled by SAR 10.2bn; note that the settlement line in the cash flow statement also includes other taxes. Deferred tax liabilities rose from SAR 153.4bn to SAR 160.7bn and deferred tax assets fell from SAR 20.7bn to SAR 15.9bn, widening the net deferred tax liability to SAR 144.8bn from SAR 59.9bn in FY21. In our view, this steady increase partly reflects temporary differences from tax depreciation on an expanding fixed-asset base.

Balance Sheet

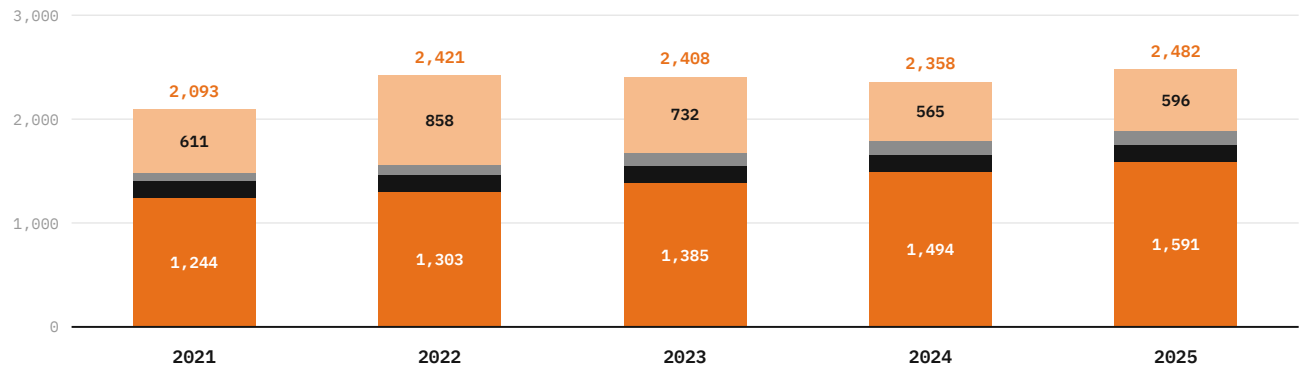
SAR bn	FY21	FY22	FY23	FY24	FY25
Cash and cash equivalents	299.6	226.0	199.0	216.6	**243.1**
Short-term investments	27.1	281.2	184.3	13.2	**14.6**
Trade receivables	140.4	164.4	163.9	167.9	**165.4**
Inventories	74.7	100.5	86.0	83.7	**70.5**
Due from the Government	41.3	54.5	49.4	38.3	**29.3**
Other current assets	28.2	31.1	49.2	45.7	**73.2**
Total current assets	**611.2**	**857.8**	**731.7**	**565.4**	**596.3**
Property, plant and equipment	1,244.3	1,303.3	1,384.7	1,494.3	**1,590.7**
Intangible assets	160.7	159.3	164.6	164.6	**164.8**
Investments in joint ventures and associates	69.6	72.2	69.5	65.3	**70.3**
Other non-current assets	76.9	100.3	127.5	134.1	**129.9**
Total non-current assets	**1,551.4**	**1,635.1**	**1,746.2**	**1,858.2**	**1,955.7**
Total assets	**2,162.7**	**2,492.9**	**2,477.9**	**2,423.6**	**2,552.0**
Total current liabilities	303.8	331.4	317.6	299.3	**298.3**
Total non-current liabilities	578.2	495.4	423.3	473.0	**531.9**
Total liabilities	**882.0**	**826.8**	**740.8**	**772.3**	**830.2**
Equity attributable to shareholders	1,113.3	1,448.9	1,534.6	1,458.2	**1,492.0**
Non-controlling interests	167.4	217.2	202.5	193.1	**229.7**
Total equity	**1,280.7**	**1,666.1**	**1,737.1**	**1,651.4**	**1,721.7**

Other current assets combine other assets and receivables, current investments in securities and assets classified as held for sale.

Figure 6: Asset composition, FY21–FY25 (SAR bn)

Property, plant and equipment · Intangible assets · Other non-current assets · Current assets

Figure above each bar = sum of the items shown; excludes investments in joint ventures and associates



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

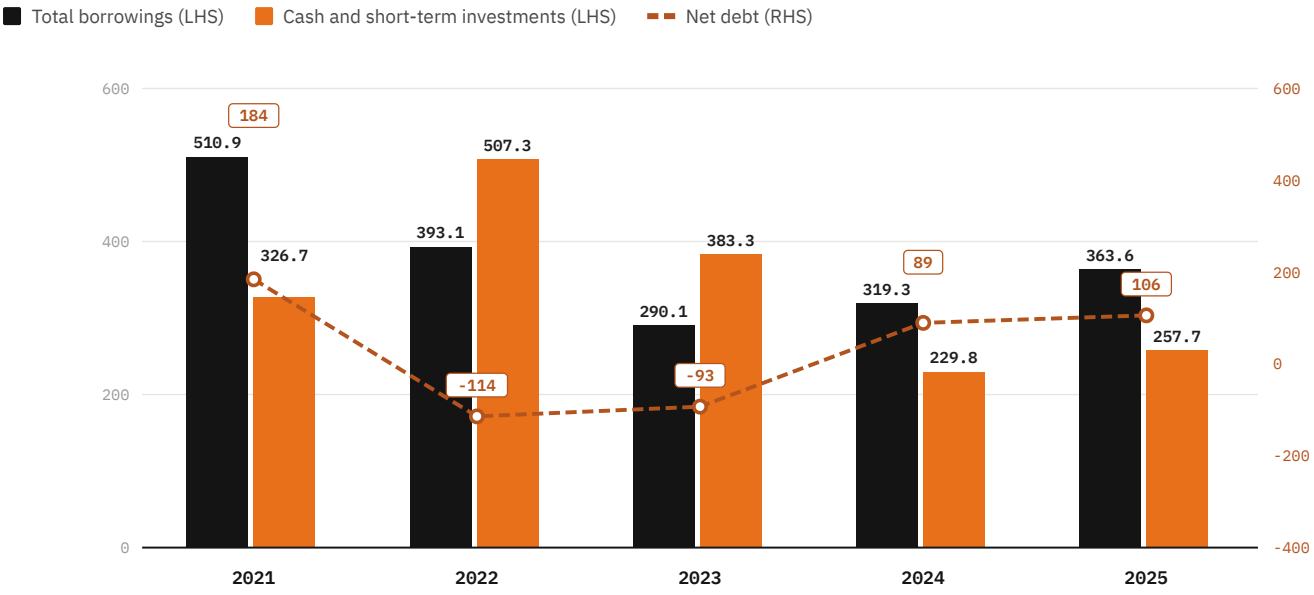
Fixed assets have grown faster than the balance sheet as a whole. PP&E rose from SAR 1,244.3bn to SAR 1,590.7bn, a 6.3% CAGR, against 4.2% for total assets. As a result, PP&E increased from 57.5% of total assets to 62.3%.

The offsetting movement was in current assets, which peaked at SAR 857.8bn in FY22 and fell to SAR 596.3bn in FY25. Most of the decline reflects short-term investments, which fell from SAR 281.2bn to SAR 14.6bn. The balance became an effective funding source in FY24, when the cash flow statement shows net maturities of SAR 171.2bn.

Intangible assets were broadly stable at around SAR 164.8bn and saw no material impairment, despite group-level impairment charges in FY24 and FY25. The summary statements do not split the balance between goodwill and finite-lived intangibles, a breakdown needed to assess its sensitivity to annual impairment testing under IAS 36. Amounts due from the Government declined from SAR 54.5bn in FY22 to SAR 29.3bn in FY25; their collection contributed SAR 9.0bn to operating cash flow in FY25.

Capital Structure and Leverage

Figure 7: Borrowings, liquidity and net debt, FY21–FY25 (SAR bn)



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

SAR bn	FY21	FY22	FY23	FY24	FY25
Current borrowings	74.5	74.8	63.7	57.6	**55.2**
Non-current borrowings	436.4	318.4	226.5	261.7	**308.5**
Total borrowings	**510.9**	**393.1**	**290.1**	**319.3**	**363.6**
Cash and short-term investments	326.7	507.3	383.3	229.8	**257.7**
Net debt / (net cash)	**184.3**	**-114.1**	**-93.2**	**89.5**	**105.9**
Total borrowings / equity	39.9%	23.6%	16.7%	19.3%	**21.1%**
Gearing: net debt / (net debt + equity), calculated	12.6%	-7.4%	-5.7%	5.1%	**5.8%**
Total borrowings / EBITDA (x)	0.60	0.32	0.30	0.36	**0.44**
Net debt / EBITDA (x)	0.21	-0.09	-0.10	0.10	**0.13**
Operating income / finance costs (x)	64	129	106	73	**64**
Total liabilities / total assets	40.8%	33.2%	29.9%	31.9%	**32.5%**

Leverage has completed a full cycle. Net debt stood at SAR 184.3bn in FY21, turned into a net cash position in FY22 and FY23 as short-term investments were built up and long-term debt of SAR 132.5bn and SAR 134.5bn was repaid, and returned to net debt in FY24 and FY25, reaching SAR 105.9bn.

The return to borrowing is visible on the proceeds side. Long-term borrowing proceeds were SAR 54.4bn in FY24 and SAR 51.6bn in FY25, against repayments of SAR 32.9bn and SAR 16.7bn, implying positive net drawdowns in both years. Leverage nevertheless remains low: total borrowings/equity of 21.1% and net debt/EBITDA of 0.13x.

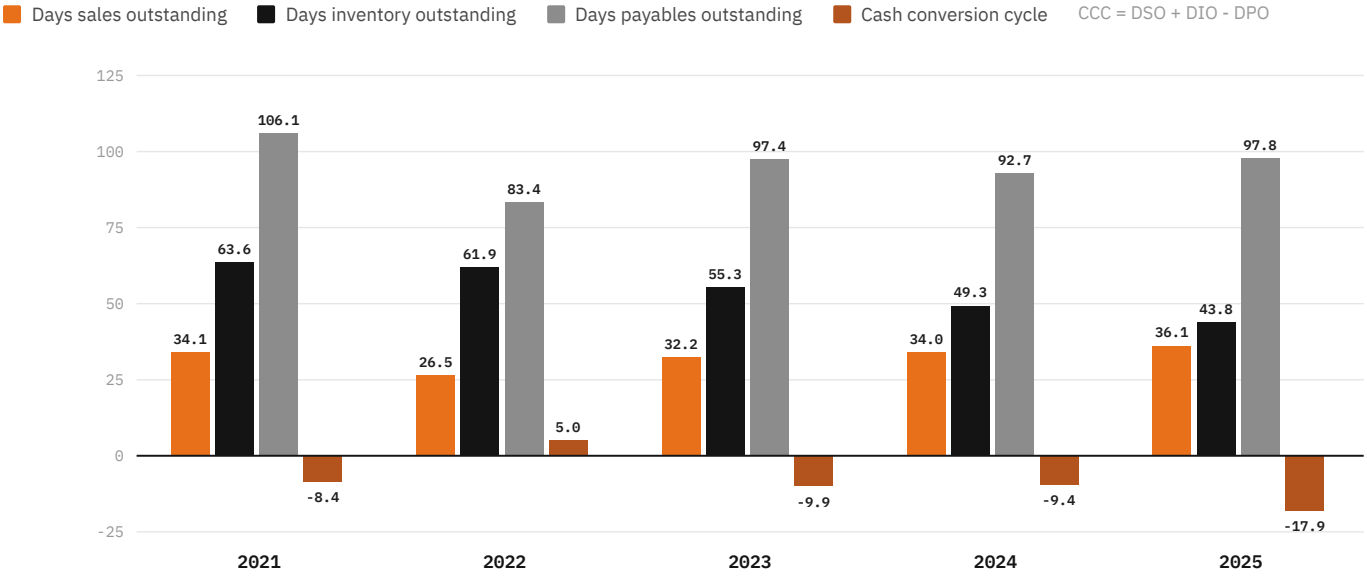
Our calculated gearing of 5.8% reconciles to the company-reported 3.8%. Aramco reported gearing of 3.8% for FY25 (FY24: 4.5%). The difference arises because the company's definition also deducts investments in debt securities, which totalled SAR 36.9bn at end-FY25. Deducting them reduces net debt to SAR 68.9bn and gearing to 3.8%, in line with the reported figure.

Interest paid was SAR 18.4bn in FY25, against finance costs of SAR 11.1bn in the income statement. The SAR 7.3bn difference mainly reflects borrowing costs capitalised within assets under construction under IAS 23: interest paid in cash but not recorded within finance costs. The summary statements do not allow this amount to be measured directly.

Liquidity and Working Capital

	FY21	FY22	FY23	FY24	FY25
Current ratio (x)	2.01	2.59	2.30	1.89	2.00
Quick ratio (x)	1.77	2.29	2.03	1.61	1.76
Cash ratio (x)	1.08	1.53	1.21	0.77	0.86
Working capital (SAR bn)	**307.4**	**526.4**	**414.2**	**266.1**	297.9
Days sales outstanding	34.1	26.5	32.2	34.0	36.1
Days inventory outstanding	63.6	61.9	55.3	49.3	43.8
Days payables outstanding	106.1	83.4	97.4	92.7	97.8
Cash conversion cycle (days)	**-8.4**	**5.0**	**-9.9**	**-9.4**	-17.9

Figure 8: Working-capital days and the cash conversion cycle, FY21–FY25 (days)



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

Liquidity ratios have been stable; the swings sit in the cash ratio. The current ratio moved within a narrow 1.89–2.59x range and stood at 2.00x in FY25. The cash ratio fell from 1.53x in FY22 to 0.77x in FY24 before recovering to 0.86x in FY25. This volatility reflects movements in short-term investments rather than any change in the structure of current liabilities.

The cash conversion cycle was negative in four of the five years, reaching -17.9 days in FY25, the lowest in the period. The main driver was inventory: days inventory outstanding fell from 63.6 in FY21 to 43.8 in FY25, a reduction of 19.8 days. In absolute terms, inventories declined from SAR 100.5bn in FY22 to SAR 70.5bn in FY25.

Days sales outstanding rose from 26.5 in FY22 to 36.1 in FY25. Trade receivables were broadly flat at around SAR 165.4bn while revenue fell, which mechanically lifts the ratio without necessarily signalling weaker collections. The summary statements include neither a receivables ageing nor the IFRS 9 expected-credit-loss allowance needed to assess this.

The net change in working capital moved from a use of cash in FY21 and FY22 (SAR 57.8bn and SAR 47.2bn) to a source of cash in each of the following three years, reaching SAR 11.7bn in FY25. This supported operating cash flow as earnings declined.

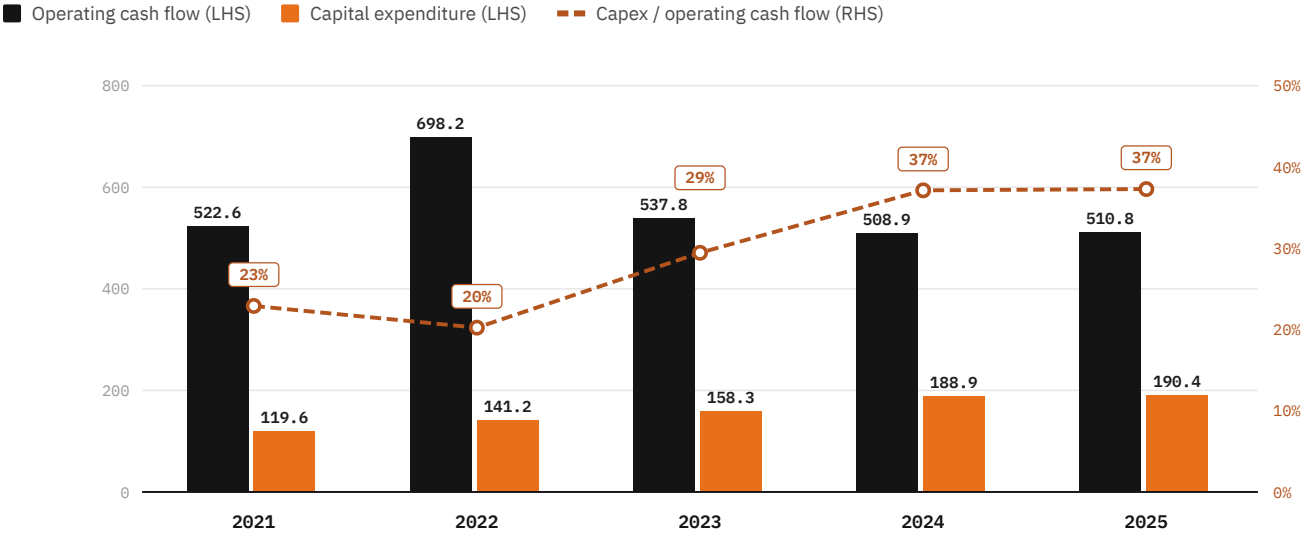
Definitions. The summary statements do not report cost of sales separately, so DIO and DPO use purchases plus producing and manufacturing as a proxy denominator. Trade payables are presented together with other liabilities, which overstates DPO relative to a purely commercial measure. DSO is calculated on revenue and other income related to sales; on revenue alone, FY25 DSO would be 38.7 days. These metrics are suited to comparing the company with itself over time, not to comparisons with companies that disclose cost of sales.

Cash Flow Statement

SAR bn	FY21	FY22	FY23	FY24	FY25
Income before income taxes and zakat	769.5	1,153.0	888.1	782.0	**702.9**
Total non-cash adjustments	99.0	92.1	85.8	100.5	**138.9**
Operating cash flow before working capital	**868.6**	**1,245.1**	**973.9**	**882.6**	**841.7**
Net change in working capital	-57.8	-47.2	21.3	13.8	**11.7**
Cash generated from operations	**810.8**	**1,197.8**	**995.2**	**896.4**	**853.4**
Taxes settled and other operating items	-288.2	-499.7	-457.4	-387.5	**-342.6**
Net cash from operating activities	**522.6**	**698.2**	**537.8**	**508.9**	**510.8**
Capital expenditure	-119.6	-141.2	-158.3	-188.9	**-190.4**
Net cash from / (used in) investing activities	-135.7	-389.0	-54.0	-2.9	**-203.9**
Net cash from / (used in) financing activities	-294.5	-382.7	-510.9	-488.4	**-280.4**
Net change in cash and cash equivalents	92.3	-73.5	-27.1	17.7	**26.5**
Cash and cash equivalents at year-end	**299.6**	**226.0**	**199.0**	**216.6**	**243.1**

Negative figures denote cash outflows.

Figure 9: Operating cash flow and capital expenditure, FY21–FY25 (SAR bn)



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

Operating cash flow has been resilient. It held between SAR 508.9bn and SAR 537.8bn in each of the last three years, even as net income declined in every one of them. Cash conversion rose from 1.16x in FY22 to 1.46x in FY25. Two factors explain the increase. First, non-cash adjustments grew from SAR 92.1bn to SAR 138.9bn, driven by impairment and the swing in joint-venture results to a loss; D&A rose by only SAR 1.5bn. Second, working capital turned into a source of cash.

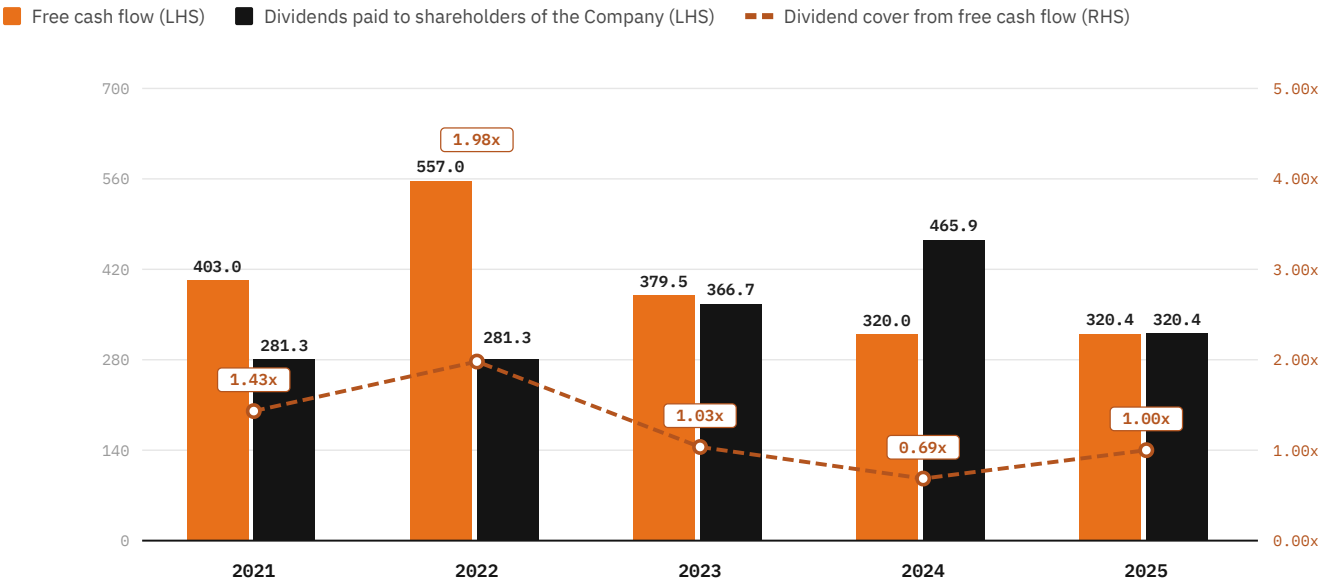
Capital intensity has risen materially. Capex increased from SAR 119.6bn to SAR 190.4bn, lifting its share of operating cash flow from 22.9% to 37.3% and its ratio to D&A from 1.40x to 2.05x. With the ratio above 2x in both FY24 and FY25, the company is investing more than twice the depreciation charge on its existing asset base; in our view, this is an expansionary rather than a purely sustaining pattern.

The company reported FY25 capital investment of SAR 195.9bn, above the SAR 190.4bn of capex in the cash flow statement, reflecting the different scope of the two measures.

Investing cash flows have been highly volatile: an outflow of SAR 389.0bn in FY22 as short-term investments were built up, only SAR 2.9bn in FY24 as maturities were used to meet obligations, and SAR 203.9bn in FY25. For this group, net investing cash flow is therefore not a reliable read on the pace of capital spending, as it is dominated by movements in the investment portfolio.

Free Cash Flow and Distributions

Figure 10: Free cash flow vs dividends paid, FY21–FY25 (SAR bn)



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

SAR bn	FY21	FY22	FY23	FY24	FY25
Net cash from operating activities	522.6	698.2	537.8	508.9	510.8
Capital expenditure	-119.6	-141.2	-158.3	-188.9	-190.4
Free cash flow	**403.0**	**557.0**	**379.5**	**320.0**	320.4
Principal portion of lease payments	-12.1	-12.1	-13.6	-15.3	-13.5
Interest paid	-9.5	-9.8	-14.4	-15.1	-18.4
Free cash flow after leases and interest	**381.3**	**535.0**	**351.5**	**289.5**	288.5
Dividends paid to shareholders of the Company	-281.3	-281.3	-366.7	-465.9	-320.4
Dividends paid to non-controlling interests	-7.1	-14.4	-14.4	-11.9	-12.2
Proceeds from sale of non-controlling interests	46.5	58.1	—	0.0	41.8
Dividend cover from free cash flow (x)	**1.43**	**1.98**	**1.03**	**0.69**	1.00
Dividend cover after leases and interest (x)	1.36	1.90	0.96	0.62	0.90
Payout ratio (dividends paid / net income to shareholders)	71.2%	47.1%	81.0%	118.3%	92.1%

FY23 proceeds from the sale of non-controlling interests were not disclosed in the source and are shown as a dash rather than zero.

Free cash flow has fallen 42.5% from its FY22 peak, and most of the decline came from operating cash flow. FCF fell from SAR 557.0bn in FY22 to SAR 320.4bn in FY25. The SAR 187.4bn reduction in operating cash flow explains 79% of the decline; the SAR 49.3bn increase in capex explains the remainder.

FY24 was the only year in which dividend cover from free cash flow fell below 1x, at 0.69x, against dividends paid of SAR 465.9bn and a payout ratio of 118.3%. The shortfall was funded from SAR 171.2bn of short-term investment maturities within investing activities.

Cover returned to 1.00x in FY25 as dividends paid fell to SAR 320.4bn. According to the company, base dividends paid rose to c.SAR 317.2bn in FY25 from c.SAR 304.3bn in FY24. The entire decline in total cash paid therefore reflects lower performance-linked dividends, which explains why the total moved so sharply while the base component remained broadly stable.

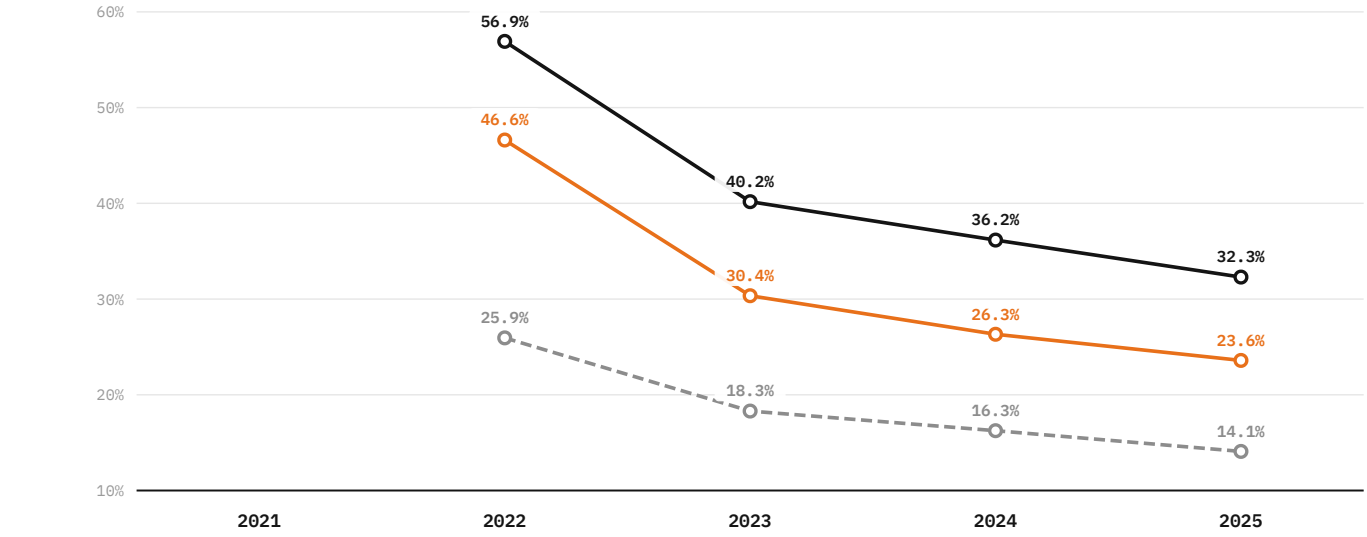
Deducting interest paid and the principal portion of IFRS 16 lease payments, which are contractual obligations that rank ahead of dividends, reduces FY25 cover to 0.90x. Financing activities in FY25 also included SAR 41.8bn of proceeds from the sale of non-controlling interests, which should not be assumed to recur annually.

Returns and DuPont Analysis

Figure 11: Returns on capital, FY22–FY25 (%)

Return on shareholders' equity — Return on capital employed — Return on assets

Series start in FY22, as average balances require FY21 opening figures



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

	FY21	FY22	FY23	FY24	FY25
Net margin (net income / revenue)	27.46%	26.65%	24.50%	22.11%	**20.96%**
Asset turnover (revenue / avg. assets, x)	–	0.974	0.747	0.735	**0.672**
Equity multiplier (avg. assets / avg. equity, x)	–	1.580	1.461	1.447	**1.475**
ROE on total equity (product)	**–**	**40.99%**	**26.73%**	**23.52%**	**20.76%**
ROE on shareholders' equity	–	46.62%	30.35%	26.32%	**23.59%**
Return on assets	–	25.95%	18.30%	16.26%	**14.08%**
Return on capital employed	–	56.91%	40.18%	36.16%	**32.29%**

All returns are calculated on average balances (opening plus closing, divided by two), hence the series start in FY22. The DuPont ROE uses total net income and total equity, so that numerator and denominator are consistent across the three components.

ROE has halved since FY22, driven by margin and asset turnover rather than leverage. Return on shareholders' equity fell from 46.6% in FY22 to 23.6% in FY25, a decline of 23.0pp. A DuPont decomposition of ROE on total equity, which fell from 41.0% to 20.8%, shows that two of the three components account for the decline, with the third broadly unchanged.

The first component is net margin, which fell from 26.65% to 20.96%. The second, and larger, is asset turnover, which declined from 0.974x to 0.672x, or 31.0%. This is the arithmetical result of an expanding asset base coinciding with lower revenue.

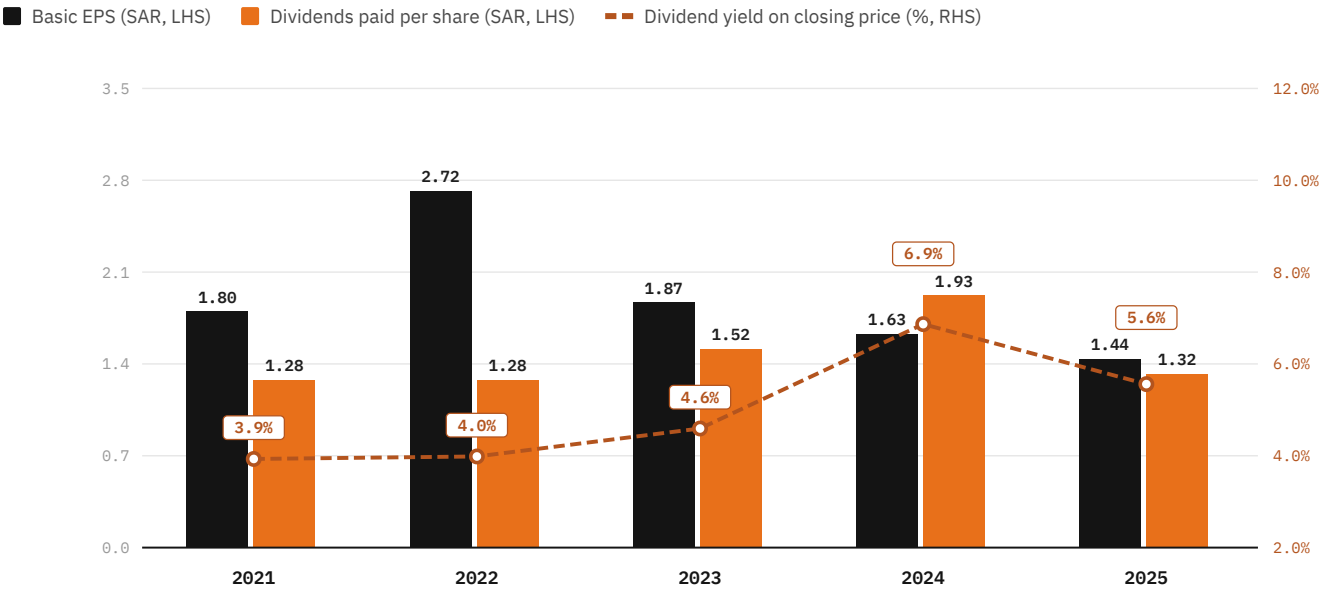
The third component, the equity multiplier, stayed within a narrow 1.447–1.580x range. The company has not used financial leverage to offset lower margins and turnover, so the decline in ROE is an operating outcome rather than a consequence of changes in the capital structure.

ROE on shareholders' equity exceeded ROE on total equity in every year; in FY25 the figures were 23.59% and 20.76%, respectively. The gap arises because non-controlling interests account for 13.3% of equity but only 0.6% of net income, which raises the return attributable to shareholders of the Company.

Return on capital employed, the measure closest to pre-financing, pre-tax efficiency, fell from 56.9% to 32.3%. Capital employed grew from SAR 1,858.9bn in FY21 to SAR 2,253.6bn in FY25 while operating income declined.

Per-Share Data and Valuation Multiples

Figure 12: EPS, dividends paid per share and dividend yield, FY21–FY25



Source: Company reports (audited consolidated financial statements); Yamamah Insights calculations.

	FY21	FY22	FY23	FY24	FY25
Closing share price (SAR)	32.56	32.10	33.00	28.05	**23.83**
Basic EPS, reported (SAR)	1.80	2.72	1.87	1.63	**1.44**
EPS on constant share count (SAR, calculated)	1.63	2.47	1.87	1.63	**1.44**
Dividends paid per share (SAR)	1.28	1.28	1.52	1.93	**1.32**
Book value per share (SAR, calculated)	5.06	6.59	6.34	6.03	**6.17**
Market capitalisation (SAR bn, calculated)	7,160	7,059	7,984	6,785	**5,764**
P/E (x)	18.1	11.8	17.6	17.2	**16.5**
P/B (x)	6.43	4.87	5.20	4.65	**3.86**
EV/EBITDA (x)	8.76	5.80	8.38	8.05	**7.33**
Dividend yield	3.93%	3.99%	4.59%	6.87%	**5.56%**
Free cash flow yield	5.63%	7.89%	4.75%	4.72%	**5.56%**

Per-share data before FY23 require adjustment for the bonus issue. Reported EPS fell from SAR 2.72 in FY22 to SAR 1.44 in FY25. However, the FY21 and FY22 figures are based on c.219.9bn shares before the bonus issue, against 241.9bn thereafter. On a constant share count, FY22 EPS was SAR 2.47 rather than SAR 2.72.

The share price fell from SAR 32.56 at end-FY21 to SAR 23.83 at end-FY25. Because the FY21 price predates the bonus issue, the like-for-like comparison is market capitalisation, which fell from SAR 7,159.8bn to SAR 5,764.0bn, or 19.5% rather than 26.8%. The P/E ranged between 11.8x and 18.1x, P/B fell from 6.43x to 3.86x, and EV/EBITDA from 8.76x to 7.33x.

The dividend yield peaked at 6.87% in FY24, the year in which dividends paid reached their highest level and FCF cover fell below 1x, before easing to 5.56% in FY25. In the same year the FCF yield was also 5.56%, closing a gap of 2.15pp in FY24.

Book value per share rose from SAR 5.06 in FY21 to SAR 6.17 in FY25. On a constant share count of 241.9bn, the FY21 figure is SAR 4.60, implying growth of 34.0%. That is modest relative to shareholder earnings of SAR 1,791.9bn over FY22–FY25, because dividends paid over the same years amounted to SAR 1,434.4bn, or 80.0% of those earnings.

Calculation notes. Market capitalisation and the related multiples use the closing price multiplied by the weighted-average share count, as year-end shares outstanding are not available in the data set. Enterprise value = market capitalisation + net debt + non-controlling interests. Dividends paid per share reflect cash paid during the year rather than dividends declared. FY21 and FY22 per-share figures in the table and chart predate the bonus shares issued in 2023, so part of their decline between FY22 and FY23 reflects the higher share count.

Sensitivity Analysis and Monitoring Points

Operating income sensitivity to revenue

A purely arithmetical exercise. Royalties, purchases, and producing and manufacturing (SAR 739.8bn in FY25, 44.3% of revenue) move in proportion to revenue; SG&A, exploration, R&D and D&A (SAR 192.2bn) are held flat; impairment is excluded from the base. The assumptions and the fixed/variable split are the analyst's, not the company's.

Assumed change in revenue	Revenue	Operating income	Change in operating income	Operating margin
-15%	1,420.5	599.5	-18.9%	42.2%
-10%	1,504.1	646.1	-12.6%	43.0%
-5%	1,587.6	692.7	-6.3%	43.6%
FY25 base	**1,671.2**	**739.2**	**—**	**44.2%**
+5%	1,754.8	785.8	+6.3%	44.8%
+10%	1,838.3	832.4	+12.6%	45.3%
+15%	1,921.9	879.0	+18.9%	45.7%

The result implies operating leverage of c.1.26x: each 1% decline in revenue reduces operating income by c.1.26%, within the limits of these assumptions. Leverage is moderate because the two largest cost items, royalties and purchases, move with prices. Treating royalties as proportional to revenue fits volume changes better than price changes (see page 17).

Dividend cover sensitivity to capital expenditure

Operating cash flow and dividends paid held at FY25 levels (SAR 510.8bn and SAR 320.4bn); only capex varies.

Assumed change in capex	Capex	Free cash flow	Dividend cover
FY25 actual	**190.4**	**320.4**	**1.00x**
+5%	200.0	310.8	0.97x
+10%	209.5	301.3	0.94x
+15%	219.0	291.8	0.91x
+20%	228.5	282.3	0.88x

Monitoring points drawn from the financial statements

Capex relative to depreciation
Capex was 2.05x D&A in FY25, versus 1.40x in FY21. Each additional riyal of fixed assets weighs on asset turnover until it generates revenue.

Other income related to sales
Fell from SAR 259.4bn to SAR 111.9bn, and from 11.4% to 6.7% of revenue. The summary statements do not break down its components.

Effective tax rate
Rose in every year of the period to 50.2% in FY25. Each additional percentage point equates to c.SAR 7.0bn of net income at the FY25 level of pre-tax income.

Impairment
Rose from SAR 11.8bn to SAR 32.4bn between FY24 and FY25, or 2.7x. Non-cash, but a remeasurement of the carrying value of existing assets.

Assets held for sale
SAR 8.8bn at end-FY25 (FY24: SAR 3.3bn), with associated liabilities of SAR 6.4bn. The balance is subject to remeasurement under IFRS 5.

Restated FY24 depreciation
FY24 D&A was SAR 103.2bn in the FY24 report and SAR 91.7bn in the FY25 report, after impairment was presented separately. Itemised costs reconcile to the disclosed total only on the second figure.

Non-recurring funding sources
Financing activities included proceeds from the sale of non-controlling interests of SAR 46.5bn, SAR 58.1bn and SAR 41.8bn in FY21, FY22 and FY25, with none reported in FY23 or FY24.

Growth Drivers (1): Gas Portfolio and Chemicals Integration

The financial statements in this report cover FY2021–FY2025. This section and the three that follow draw on later disclosures, most recently the H1 2026 results published on 4 August 2026; each is kept separate from the audited figures and attributed to its source and date.

Gas is the primary growth driver. Aramco targets an increase of c.80% in sales gas production capacity by 2030 relative to 2021, up from a previous target of 60%. According to the company's interim report, the target is subject to domestic demand and includes projects that have not yet reached a final investment decision. The company estimates that the additional volumes could generate $12–15bn of incremental operating cash flow in 2030, subject to market conditions, equivalent to SAR 45–56bn, or 9–11% of FY25 operating cash flow of SAR 510.8bn.

Jafurah is the backbone of this plan. Aramco estimates the field's resources at c.229 tscf of raw gas and 75bn stock-tank barrels of condensate. The Saudi Ministry of Finance's 2026 budget statement reported that phase one started production at 450 mmscfd, and the company's Q2 2026 results confirmed steady output from phase one, with phase two on track for completion in 2027.

Disclosed project pipeline

Project	Status	Timing	Capacity or target
Jafurah — phase one	Producing	Late 2025	450 mmscfd at start-up
Jafurah — phase two	Procurement and construction	Expected 2027	Riyas NGL fractionation plant
Jafurah — full development	In execution	2030	2.0 bscfd sales gas and c.630 kbpd of liquids
Tanajib gas plant	Commissioned	December 2025	2.6 bscfd raw gas processing capacity in 2026
Marjan crude increment	Completed	2025	300 kbpd, to maintain MSC
Zuluf crude increment	On track	Completion 2026	600 kbpd processed via central facility, to maintain MSC
Fadhili gas plant expansion	On track	Completion 2027	1.5 bscfd raw gas (c.1.15 bscfd sales gas)
Amiral complex (SATORP with TotalEnergies)	**Construction**	**Start-up 2027**	**Mixed-feed cracker, 1.65 mtpa ethylene**

Source: Aramco FY2025 and H1 2026 results; Saudi Ministry of Finance 2026 budget statement. The table shows company-disclosed targets, not analyst estimates. Crude oil increments are designed to maintain maximum sustainable capacity (MSC) at 12 mbpd, not to raise it.

The programme is already visible in the reported numbers. Capex rose from SAR 119.6bn in FY21 to SAR 190.4bn in FY25, a 12.3% CAGR, lifting its share of operating cash flow from 22.9% to 37.3%. From the FY22 peak, this spending accounts for about one-fifth of the decline in free cash flow shown on page 11; the rest reflects lower operating cash flow. For 2026, the company has guided to capital investment of $50–55bn (SAR 188–206bn), allocated 65–70% to Upstream, 20–25% to Downstream and 5–10% to new energies and other activities.

Funding has included non-traditional structures: in 2025, Aramco completed an $11bn lease-and-leaseback transaction for the Jafurah gas processing facilities with a consortium led by Global Infrastructure Partners, part of BlackRock. This is consistent with the SAR 41.8bn of proceeds from the sale of non-controlling interests in the FY25 cash flow statement, with none reported in FY23 or FY24.

Gas also has a second-order effect not visible in revenue. Aramco has indicated that, at peak output, its unconventional gas programme could displace the equivalent of c.500 kbpd of liquids burned domestically, freeing those volumes for export. This links to other income related to sales, which includes government compensation for domestic sales at regulated prices and fell from SAR 259.4bn in FY22 to SAR 111.9bn in FY25. The line is not broken down, so the displacement effect cannot be quantified.

The shift towards gas also has a fiscal dimension. According to Aramco's disclosures, non-associated gas production and gas processing are taxed at 20%, against 50% for crude oil production, and natural gas and NGLs carry a separate royalty regime that is not linked to the Brent brackets. Condensate, including Jafurah condensate, remains within those brackets, so the lighter burden applies to sales gas and NGLs rather than condensate. With the effective tax and zakat rate at 50.2% in FY25, a larger gas share is, under the current framework, a route to a lower effective rate. Without segment disclosure, the effect cannot be quantified.

> **Liquids-to-chemicals target deferred.** Middle East Economic Survey (MEES) reported that, in its 2025 annual report, Aramco moved its target of 4 mbpd of liquids-to-chemicals conversion capacity by 2030 to a long-term ambition without a target year, citing a re-pacing of investment. Current capacity is 1.8 mbpd and is expected to reach 2.2 mbpd in 2027. Unlike gas, the stated pace of this driver has slowed.

Growth Drivers (2): Technology, New Energies and International Footprint

Artificial intelligence: from operational efficiency to infrastructure investment

Aramco reports a metric it calls technology realised value, defined as gains from lower capital spending, higher revenue or lower operating costs driven by AI and other digital tools. In its FY2025 results, the company put the figure at $5.3bn for 2025 and $11.3bn cumulatively since 2023. On its website, the company states that it has identified 442 AI use cases across its operations, with more than 200 solutions deployed and over 100 in development.

Technology realised value

	$ bn	SAR bn	% of net income
2023 and 2024 combined	6.0	22.5	–
2024 — AI only	1.8	6.8	1.7%
2025 — including other digital solutions	5.3	19.9	5.7%
Cumulative since 2023	**11.3**	**42.4**	**–**

Source: Aramco disclosures. Converted at the fixed peg of SAR 3.75/$; percentage of net income calculated by Yamamah Insights. The 2024 figure covers AI only, whereas 2025 includes other digital solutions, so the series is not defined consistently.

For context, the 2025 value of SAR 19.9bn is equivalent to 5.7% of FY25 net income. It is not directly comparable with operating income, as it includes capex savings that do not pass through the income statement. It is also an internal metric defined by the company and not a line item in the financial statements, so it cannot be verified against them.

Aramco is extending beyond internal use into AI infrastructure. In October 2025, the company and the Public Investment Fund (PIF) signed a non-binding term sheet for Aramco to acquire a significant minority stake in HUMAIN, a PIF-owned company active in data centres, cloud computing and AI models, with PIF retaining a majority. In May 2026, Aramco and its portfolio company Pasqal inaugurated the Kingdom's first quantum computer. Neither arrangement is yet reflected in the audited statements covered by this report.

According to the company, AI in its Upstream business is applied in three areas: reservoir mapping and seismic interpretation, predictive maintenance, and reducing the number of wells required per barrel. The latter two bear directly on producing and manufacturing costs and on capex, the two lines that grew fastest over the period. The underlying advantage is a geological and operational data archive spanning close to a century, an input that is difficult to replicate and does not appear as an asset on the balance sheet.

The gas and AI drivers are linked through power, as data centres are electricity-intensive. In a November 2025 interview with CNBC, the CEO connected the Kingdom's abundant low-cost gas and renewables with its ambitions in data centres.

New energies and international footprint

In new energies, Aramco is developing a carbon capture and storage hub in Jubail with Linde and SLB, with capacity of up to 9 mtpa of CO_2 from 2027. The King Abdullah Petroleum Studies and Research Center (KAPSARC) notes that c.10% of capex guidance is directed to the New Energies organisation, which covers renewables and hydrogen, consistent with the 5–10% range guided for 2026 for new energies and other activities. In our view, at its current scale this is a hedge rather than a core capital allocation.

Internationally, Aramco owns 100% of Chilean fuel retailer Esmax and 40% of Gas & Oil Pakistan, alongside the Valvoline lubricants brand. In May 2026, the company signed an agreement to sell its entire stake in PRefChem to PETRONAS; the transaction remains subject to customary closing conditions, and the related assets and liabilities have been reclassified as held for sale. In August 2026, Aramco signed a shareholders' agreement with Ma'aden to form a joint venture for mineral exploration and hard-rock mining in the Kingdom; plans for the venture were first disclosed in January 2025.

Risk Factors (1): Price, Volume and the Fiscal Regime

The progressive fiscal regime caps the upside from higher prices

Aramco's 2025 annual report states that, since 1 January 2020, royalties on crude oil and condensate production have been calculated on a progressive scale linked to Brent: a base rate of 15% on the value of production up to $70/bbl, a marginal rate of 45% on the band between $70 and $100/bbl, and a marginal rate of 80% above $100/bbl. Income tax is levied at 20% on Downstream activities, non-associated gas production and gas processing, and at 50% on all other activities, including crude oil production.

Crude oil and condensate royalty schedule

Brent price band	Royalty rate	Type
Brent up to $70/bbl	15%	Base rate
Brent $70–100/bbl	45%	Marginal rate
Brent above $100/bbl	**80%**	**Marginal rate**

Source: Aramco Annual Report 2025, additional financial and legal information. The schedule has applied since January 2020; the previous rates were 20%, 40% and 50%, respectively.

The effect is visible in the reported numbers. Comparing the FY22 price peak with FY25, revenue was 35.6% higher in FY22, while royalties and other taxes were 125.5% higher. That pattern is consistent with marginal brackets rather than a fixed share of sales.

FY22 vs FY25: revenue, government take and operating income

SAR bn	FY22	FY25	FY22 / FY25
Revenue and other income related to sales	2,266.4	1,671.2	1.36x
Royalties and other taxes	341.5	151.4	2.26x
Income taxes and zakat	549.0	352.6	1.56x
Operating income	**1,144.1**	**706.8**	**1.62x**

Multiples calculated by Yamamah Insights on unrounded figures.

The company's Q2 2026 results point the same way. Although the average realised crude price rose to $108.1/bbl from $76.9/bbl in Q1, Aramco attributed the q/q decline in Upstream adjusted EBIT to lower volumes and higher royalties, partly offset by higher prices. Above $100/bbl, 80% of each additional dollar goes to royalties before income tax is applied.

The effective income tax and zakat rate calculated in this report also rose in every year of the period, from 46.4% in FY21 to 50.2% in FY25. The increase was not confined to years of falling profit: the rate also rose in FY22, when pre-tax income peaked. Government take therefore weighs on margins at both ends of the price cycle.

A less visible exposure sits within the regime: the royalty rate is set by reference to Brent, while the company sells at its own official selling prices, which track Brent at a variable differential. A wider differential raises government take relative to realised revenue without a matching increase in receipts.

The entire framework rests on the concession granted by the State. Its initial term is 40 years from December 2017, extendable by the Government for 20 years if the company meets specified conditions, and by a further 40 years by mutual agreement. Royalty and tax rates are therefore not fixed parameters but terms adjustable by government decision; they have been amended more than once around the IPO, most recently with effect from January 2020.

Production volume is not a company decision

In January 2024, the Ministry of Energy directed Aramco to maintain its maximum sustainable capacity at 12 mbpd rather than raise it to the 13 mbpd previously planned for 2027. Actual output is set within the Kingdom's OPEC+ commitments rather than by the company on commercial grounds. This distinguishes Aramco structurally from international oil companies: volume is outside its control, and price is set by the market.

The sensitivity on page 14 quantifies the exposure. Operating leverage of c.1.26x means that each 1% decline in revenue reduces operating income by c.1.26%. The ratio better approximates a volume change, as the sensitivity assumes royalties move in proportion to revenue, whereas the progressive brackets make them more responsive to price.

Risk Factors (2): Export Routes, Funding and Demand

Export-route risk materialised in 2026

President and CEO Amin Nasser described the first half of 2026 as a period of unprecedented supply disruption through the Strait of Hormuz. CNBC, reporting on the analyst call, cited more than 2.6bn barrels lost from supplies to global industry, reduced to a net c.1.8bn barrels by mitigating measures. It also reported that rebuilding depleted inventories could take up to 18 months at 2.1 mbpd, even if the strait reopened immediately.

The company relied on the 1,200km East-West pipeline to the Red Sea coast, which ran at its maximum capacity of 7.0 mbpd in Q1 2026. The pipeline has proved its strategic value, but reliance on it shifts exposure from one maritime corridor to an alternative route with its own security considerations. The financial implication is that the group's Upstream assets are concentrated in a single geography, with no geographic diversification of production to cushion a regional disruption, unlike the Downstream business, which spans several continents.

The base dividend now exceeds free cash flow

Dividend cover from free cash flow fell to 0.69x in FY24 before recovering to 1.00x in FY25. The declared base dividend for each quarter of 2026 is $21.9bn, or c.SAR 328bn annualised, 2.5% above FY25 free cash flow of SAR 320.4bn.

The effect is visible in company-reported gearing, which rose from 3.8% at end-2025 to 4.8% at end-March 2026 and 6.2% at end-June 2026, increasing in a quarter in which the company recorded its highest realised crude price in several years. Aramco attributed the rise to dividend payments and capital expenditure, partly offset by operating cash inflows and lower borrowings. Separately, it reported that Q2 free cash flow was affected by a $13.6bn working-capital build, showing that higher prices do not translate into free cash flow within the same quarter.

Company-reported indicators, end-2025 to Q2 2026

	End-2025	Q1 2026	Q2 2026
Company-reported gearing	3.8%	4.8%	6.2%
Free cash flow for the quarter ($ bn)	–	18.6	12.3
Declared base dividend for the quarter ($ bn)	**–**	**21.9**	**21.9**

Source: Aramco Q1 and Q2 2026 results. Gearing on the company's definition, which differs from the ratio calculated in this report (see page 8).

In March 2026, the Board approved a buyback of up to 350mn shares, capped at SAR 11.3bn, over 18 months. Performance-linked dividends had meanwhile shrunk to c.SAR 3.3bn in 2025, against a base dividend of SAR 317.2bn. This accounts for the entire decline in dividends paid to shareholders of the Company, from SAR 465.9bn to SAR 320.4bn; the reduction came from the performance-linked component, not the base.

The company has turned to debt markets, completing two issuances in 2025, including a $5.0bn bond. This is consistent with the rise in non-current borrowings from SAR 261.7bn to SAR 308.5bn between FY24 and FY25, although total borrowings remain below the FY21 level (SAR 363.6bn vs SAR 510.9bn). Leverage is still low in absolute terms, but its direction has reversed from deleveraging to expansion.

Demand shifts and ownership concentration

On the demand side, chemicals are in a global downturn that, according to Reuters, has led majors such as Shell and ExxonMobil to scale back operations; this is the context for the deferral of the liquids-to-chemicals target discussed on page 15. On ownership, the State and related entities hold the great majority of the share capital, so decisions on dividends, production levels and capex reflect public-finance considerations alongside commercial logic. Neither factor appears as a line item in the financial statements, but both frame the decisions behind every line.

> **Scope of this section.** All 2026 figures are taken from interim disclosures subsequent to the audited period and have not been subject to an annual audit. This section contains no analyst estimate or forecast of oil prices or future earnings, and no judgement on the merits of the projects described.

Comprehensive Ratio Table

	FY21	FY22	FY23	FY24	FY25
Profitability					
EBITDA margin	57.1%	54.5%	52.0%	48.7%	**49.8%**
Operating margin	51.4%	50.5%	46.8%	43.0%	**42.3%**
Net margin	27.5%	26.7%	24.5%	22.1%	**21.0%**
Effective income tax and zakat rate	46.4%	47.6%	48.8%	49.1%	**50.2%**
Returns					
Return on shareholders' equity	—	46.6%	30.4%	26.3%	**23.6%**
Return on assets	—	25.9%	18.3%	16.3%	**14.1%**
Return on capital employed	—	56.9%	40.2%	36.2%	**32.3%**
Asset turnover (x)	—	0.974	0.747	0.735	**0.672**
Liquidity					
Current ratio (x)	2.01	2.59	2.30	1.89	**2.00**
Quick ratio (x)	1.77	2.29	2.03	1.61	**1.76**
Cash ratio (x)	1.08	1.53	1.21	0.77	**0.86**
Cash conversion cycle (days)	-8.4	5.0	-9.9	-9.4	**-17.9**
Solvency and leverage					
Total borrowings / equity	39.9%	23.6%	16.7%	19.3%	**21.1%**
Gearing (calculated)	12.6%	-7.4%	-5.7%	5.1%	**5.8%**
Net debt / EBITDA (x)	0.21	-0.09	-0.10	0.10	**0.13**
Operating income / finance costs (x)	64	129	106	73	**64**
Total liabilities / total assets	40.8%	33.2%	29.9%	31.9%	**32.5%**
Cash flow and investment					
Operating cash flow / net income (x)	1.27	1.16	1.18	1.28	**1.46**
Capex / operating cash flow	22.9%	20.2%	29.4%	37.1%	**37.3%**
Capex / D&A (x)	1.40	1.54	1.63	2.06	**2.05**
Capex / revenue	8.0%	6.2%	8.5%	10.5%	**11.4%**
Free cash flow margin	26.8%	24.6%	20.4%	17.8%	**19.2%**
Dividend cover from free cash flow (x)	1.43	1.98	1.03	0.69	**1.00**
Payout ratio	71.2%	47.1%	81.0%	118.3%	**92.1%**
Per-share and valuation					
Basic EPS (SAR)	1.80	2.72	1.87	1.63	**1.44**
Book value per share (SAR)	5.06	6.59	6.34	6.03	**6.17**
P/E (x)	18.1	11.8	17.6	17.2	**16.5**
P/B (x)	6.43	4.87	5.20	4.65	**3.86**
EV/EBITDA (x)	8.76	5.80	8.38	8.05	**7.33**
Dividend yield	3.93%	3.99%	4.59%	6.87%	**5.56%**

Returns on average balances are not available for FY21, as FY20 closing balances are outside the data set. All ratios are calculated on unrounded source data in SAR mn.

The table captures three concurrent trends. The first, and clearest, is the compression of margins and returns over the period: the EBITDA margin fell 7.3pp between FY21 and FY25, and ROCE fell 24.6pp between FY22 and FY25.

The second is the stability of solvency and liquidity at comfortable levels despite lower profitability: a current ratio of 2.00x, interest cover of 64x and net debt/EBITDA of 0.13x.

The third is the growing weight of capex in the cash profile, from 22.9% of operating cash flow in FY21 to 37.3% in FY25. It links the first two trends: measured from FY21, higher capex explains 86% of the decline in free cash flow, and it has expanded the asset base against which returns are measured. Measured from the FY22 peak, most of the decline instead reflects lower operating cash flow, as shown on page 11.

Methodology, Sources and Disclaimer

Scope and sources

This report is based on Saudi Aramco's audited annual consolidated financial statements for the years ended 31 December 2021–2025, published on the Saudi Exchange (Tadawul) in XBRL format in the 2022–2025 reports.

Each year is taken from the most recent report presenting it: FY25 and FY24 from the 2025 report, FY23 from the 2024 report, FY22 from the 2023 report and FY21 from the 2022 report. Comparatives therefore reflect subsequent reclassifications, with the exceptions set out in the data notes below.

Adjusted net income, company-reported gearing, capital investment on the company's definition and the base/performance-linked dividend split are taken from the FY2025 results announcement as reported by financial news platforms, and are identified as company disclosures where used.

Sources for the growth and risk sections (pages 15–18), all subsequent to the audited period: Aramco FY2025, Q1 2026 and Q2 2026 results; Aramco Annual Reports 2024 and 2025 (concession and royalty terms); Aramco H1 2026 interim report; Saudi Ministry of Finance 2026 budget statement; Ministry of Energy directive of January 2024 on maximum sustainable capacity; Middle East Economic Survey (MEES); CNBC and Reuters; King Abdullah Petroleum Studies and Research Center (KAPSARC). 2026 figures are unaudited.

Presentation and calculation conventions

- Figures in SAR bn to one decimal place; ratios are calculated on unrounded source data in SAR mn, so components may not sum to totals. Tables and charts run from FY21 (left) to FY25 (right).
- **EBITDA** = operating income + D&A + impairment and held-for-sale remeasurement losses. The last item sat within D&A and SG&A before the 2025 report; comparability is partial, as the SG&A portion cannot be isolated.
- **Free cash flow** = net cash from operating activities − capital expenditure. A second measure also deducts the principal portion of lease payments and interest paid.
- **Net debt** = total borrowings (current and non-current) − (cash and cash equivalents + short-term investments). Borrowings include lease liabilities, as presented in the company's borrowings note. The company's gearing also deducts investments in debt securities (SAR 36.9bn at end-FY25), which reconciles our 5.8% to its reported 3.8%.
- **Returns** (on equity, assets and capital employed) use average opening and closing balances and are therefore unavailable for FY21. **Capital employed** = total assets − total current liabilities.
- **DIO and DPO** use purchases plus producing and manufacturing as a proxy for cost of sales, which is not disclosed separately. **DSO** uses revenue and other income related to sales.
- **Per-share data:** market capitalisation = closing price × weighted-average shares (year-end shares unavailable); EV = market capitalisation + net debt + non-controlling interests; dividends paid per share = cash paid during the year ÷ weighted-average shares, not dividends declared.

Data notes

- **FY24 D&A:** the source combines the FY24 report figure (SAR 103.2bn) with the impairment line presented separately in the FY25 report, so itemised costs exceed the disclosed total by SAR 11.5bn. We use SAR 91.7bn, as reported in the cash flow statement, which reconciles itemised costs to the total in all five years.
- **FY24 share of joint-venture results:** the source shows SAR -4.0bn, duplicating the FY23 figure. We use SAR -5.0bn, which reconciles to pre-tax income and matches the cash flow statement.
- **FY21 and FY22 per-share data** are based on the share count before the bonus shares issued in 2023 and are not directly comparable with FY23–FY25. An EPS series on a constant share count is provided.
- **Retained earnings** include capitalisations of SAR 15.0bn in each of 2022 and 2023 to fund bonus share issues.
- **Blank cells** in the source denote items not disclosed for that year, not zero, including short-term borrowings in financing activities for FY21–FY23, when borrowings were presented on a combined basis.
- The data set excludes **segment disclosure** and the notes to the accounts; resulting limits are flagged in the text.

Disclaimer

This report has been prepared for information and analytical purposes only. It does not constitute a recommendation to buy, sell or hold any security, and it contains no fair-value estimate or price target. The information has been obtained from sources believed to be reliable, but its completeness and accuracy are not guaranteed.