

Qatar Fuel/Woqod (QFLS)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR14.75	12M Target Price	QR16.56
Implied Upside	12.3%		

3Q2025 NP Nudges Up Modestly Above Our Estimates On Firmer Margins; Stay Accumulate

Woqod reported 3Q2025 net profit of QR291.2mn, edging up 0.6% YoY, as improved fuel margins and cost controls offset a weaker top-line. This 3Q2025 earnings print managed to beat our expectations due to (1) firmer gross profit margin (GPM) than modeled and (2) higher-than-expected non-core income. Meanwhile, revenue missed estimates, declining 8.0% YoY to QR6.74bn (vs. our estimate of QR6.93bn) amid lower realized fuel prices (notably jet fuel), despite overall sales volumes holding steady. Encouragingly, the gross profit of QR266.5mn was nearly flat YoY (-1.5%) despite the drop in revenue, as the GPM expanded to ~4.0% in 3Q2025 (vs. ~3.7% a year ago), continuing the positive inflection seen since late 2024. This GPM improvement – evident for several consecutive quarters now – suggests that Woqod's margins may have bottomed out after years of gradual compression. 3Q2025 also marks the fifth straight quarter of YoY revenue decline (and another top-line miss). Nonetheless, given margin tailwinds offsetting volume/price headwinds, we maintain Woqod's full-year 2025 net profit projection of a 10.5% drop, for now. We maintain our 2025 dividend forecast (DPS QR0.93/share) and our QR16.56 one-year PT. Woqod's balance sheet remains a core strength, with substantial cash and investments providing downside protection and optionality for share buybacks, special dividends, and/or inorganic growth. Thus, despite near-term earnings headwinds, we reiterate our Accumulate rating. The combination of improving margin dynamics, a robust balance sheet, and an attractive dividend yield underpins our neutral-to-bullish medium-term view on the stock, even as we remain prudent in our valuation assumptions.

Highlights

- Earnings beat on margin gains:** QFLS's 3Q2025 net profit improved to QR291.2mn, rising 0.6% YoY (and +26.6% QoQ), and came in modestly ahead of our estimate of QR286.5mn. While revenue fell considerably, the bottom-line benefited from sharply higher margins. Woqod's GPM climbed to about 4.0% (vs. ~3.8% modeled) from 3.7% in 3Q2024 and 2.5% in the last quarter, driving a 71.3% QoQ surge in gross profit to QR266.5mn. Specifically, the GPM boost emanated primarily from a positive trading stock variance. The EBIT margin improved to 3.0% (vs 2.7% a year ago), and in-line with our model. On the other hand, combined non-core income (investment and other income) came in flat YoY, in line with management's commentary that weaker non-fuel business earnings have weighed on 2025 results. Nevertheless, non-core income was slightly higher than we had modeled, contributing to the earnings beat. Consequently, the net profit margin edged up to 4.3% (from 3.9% in 3Q2024), and better than our modeled 4.1% metric.
- Top-line weakness persists:** Revenue dropped to QR6.74bn (-8.0% YoY, +9.6% QoQ) in 3Q2025, missing our estimate of QR6.93bn. The YoY decline was primarily driven by lower fuel prices (especially for jet fuel), as seen in prior quarters, while overall sales volumes were slightly up by 1.2% to 3,001mn liters vs. 3,008 modeled. Notably, jet fuel (which comprises >half of Woqod's volumes) continues to exhibit moderate growth (0.4% YoY), whereas diesel volumes appear to be stabilizing after persistent declines – diesel declined marginally by 0.4% YoY in 3Q2025 after a YoY uptick in 2Q2025. Meanwhile, gasoline demand remains on a steady growth trajectory, up 4.4% YoY. We expect 4Q2025 to remain relatively soft on revenue (given continued fuel price pressures), but margin resilience could limit the full-year profit contraction to a low-single-digit percentage. We will explore this in a follow-up note.
- Jet fuel, the single biggest revenue contributor** (~55% of overall sales volume during 3Q2025), will likely drive growth in petroleum products. **The future growth of jet fuel is linked to the growth expected from Qatar Airways (QA)**, which is expanding its fleet size and destinations – over 90% of Woqod's jet fuel sales go to QA. Meanwhile, **the expected increase in Qatar's LNG production could be a growth lever for Woqod's bunkering business, and might stem diesel sales decline, as the number of LNG carriers servicing Qatar will increase significantly.**
- Woqod has considerable horsepower on its balance sheet.** We estimate roughly half of the group's value comes from what we consider to be non-operating items – cash pile, financial investments, and investment properties. **More importantly, this horsepower on the balance sheet provides a platform for growth and value-creation options for management – dividends, buybacks and diversification.** Woqod remains a strong yield play relative to peers.

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. However, there is little visibility on if or when this happens. (2) Re-negotiate better terms with Qatar Energy (QE) and QA. (3) QA aircraft and LNG vessel fleets expansion. (4) Sustained rollback of EV targets by auto manufacturers.

Recommendation, Valuation and Risks

- Recommendation and Valuation:** We maintain an "Accumulate" rating and our 12M PT of QR16.56, implying 12.3% upside. Our TP is a weighted average of various valuation models: DCF, EBITDA Exit Multiple and Relative-Valuation. Our 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. Plus, more value could be unlocked from optimizing the balance sheet.
- Risks:** (1) Customer (QA) & supplier (QE) concentration risk & margin-erosion (2) Price controls & other regulatory/policy risks (3) Commodity price/inventory price volatility (4) Consumer adoption of EVs (5) Geopolitics

Key Data

Current Market Price (QR)	14.75
Dividend Yield (%)	6.8
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.	369,541
Mkt. Cap. (\$ bn/QR bn)	4.0/14.7
EV (\$ bn/QR bn)	2.4/8.6
Shares O/S (mn)	994.3
FO Limit* (%)	100%
FO (Institutional)* (%)	13.1
1-Year Total Return (%)	2.8
Fiscal Year-End	December 31

Source: Bloomberg (as of October 16, 2025), *Qatar Exchange (as of October 16, 2025); Note: FO is foreign ownership

Key Financial Data and Estimates

GROUP	2024	2025e	2026e
EPS (QR)	1.06	1.04	1.03
P/E (x)	13.93	14.21	14.28
EV/EBITDA (x)	15.87	15.24	14.46
DPS (QR)	1.00	0.93	0.90
DY (%)	6.8%	6.3%	6.1%

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

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Financial Statements and Forecasts

3Q2025 Condensed Income Statement vs. Estimates (QR'000)

Income Statement	3Q2024	2Q2025	3Q2025	3Q2025e	YoY	QoQ	Vs. Est.
REVENUE	7,333,264	6,149,988	6,743,352	6,933,519	-8.0%	9.6%	-2.7%
GROSS PROFIT	270,523	155,605	266,514	262,710	-1.5%	71.3%	1.4%
GP M	3.7%	2.5%	4.0%	3.8%			
EBIT	200,127	120,367	202,598	206,678	1.2%	68.3%	-2.0%
EBIT M	2.7%	2.0%	3.0%	3.0%			
NON-CORE EARNINGS	99,118	119,919	99,459	89,456	0.3%	-17.1%	11.2%
PROFIT FOR THE PERIOD	299,245	240,286	302,057	296,134	0.9%	25.7%	2.0%
ATTRIB. EARNINGS	289,377	229,948	291,164	286,503	0.6%	26.6%	1.6%
NP M	3.9%	3.7%	4.3%	4.1%			
EPS	0.29	0.23	0.29	0.29	0.6%	26.6%	1.6%

Source: Company data, QNBFS Research

Income statement

GROUP (QR'MN)	2024	2025e	2026e	2027e	2028e	2029e
REVENUE	28,003	26,065	27,453	29,177	30,042	31,852
GROSS PROFIT	758	702	742	792	861	912
EBITDA	768	707	737	793	824	880
OPERATING PROFIT	526	481	502	547	618	662
NET PROFIT	1,052	942	929	971	1,045	1,089

Source: Company data, QNBFS Research

Balance Sheet

GROUP (QR'MN)	2024	2025e	2026e	2027e	2028e	2029e
Non-current assets						
Property, plant & equipment	3,133	3,036	3,197	3,398	3,499	3,709
Right of use assets	142	98	53	9	9	9
Investment properties	845	829	813	797	781	765
Investment securities	4,429	4,429	4,429	4,429	4,429	4,429
Goodwill & intangibles	144	144	144	144	144	144
	8,693	8,535	8,636	8,776	8,861	9,056
Current assets						
Inventories	637	593	625	664	683	724
Due from related parties	277	258	272	289	297	315
Trade receivables	1,701	1,584	1,668	1,773	1,825	1,935
Prepayments/other receivables	145	145	145	145	145	145
Cash and bank balances	2,624	2,563	2,546	2,586	2,631	2,680
Total Current Assets	5,385	5,143	5,256	5,457	5,582	5,800
TOTAL ASSETS	14,078	13,678	13,892	14,233	14,443	14,856
EQUITY & LIABILITIES						
Equity						
Share capital	994	994	994	994	994	994
Legal reserve	499	499	499	499	499	499
Fair value reserve	23	23	23	23	23	23
Revaluations surplus	502	502	502	502	502	502
Retained earnings	6,940	6,863	6,844	6,896	6,970	7,038
Common equity	8,958	8,882	8,863	8,914	8,988	9,056
Non-controlling interest	107	142	179	219	258	299
Total equity	9,065	9,024	9,042	9,133	9,246	9,356
Non-current liabilities						
Employees benefits	127	127	127	127	127	127
Decommissioning Provision	37	37	37	37	37	37
Finance lease liability	115	88	60	31	0	0
Total non-current liabilities	278	252	224	195	164	164
Current liabilities						
Trade and other payables	1,172	1,091	1,149	1,221	1,256	1,331
Due to related parties	3,527	3,283	3,458	3,675	3,778	4,005
Finance lease liability	36	28	19	10	0	0
Total current liabilities	4,736	4,402	4,626	4,906	5,033	5,336
TOTAL EQUITY & LIABILITIES	14,078	13,678	13,892	14,233	14,443	14,856

Source: Company data, QNBFS Research

Cash flow Statement

GROUP (QR'MN)	2024	2025e	2026e	2027e	2028e	2029e
Cash flow from operations	879	722	998	1,076	1,035	1,165
Cash flow from investing activities	(294)	254	(48)	(98)	(2)	(122)
Cash flow from financing activities	(1,378)	(1,037)	(967)	(938)	(987)	(994)
(Decrease)/Increase in cash	(793)	(61)	(17)	40	45	48
Beginning cash	3,417	2,624	2,563	2,546	2,586	2,631
Closing cash	2,624	2,563	2,546	2,586	2,631	2,680

Source: Company data, QNBFS Research

Ratios

	2024	2025e	2026e	2027e	2028e	2029e
Growth Rates						
Revenue	0.3%	-6.9%	5.3%	6.3%	3.0%	6.0%
Gross Profit	2.6%	-7.3%	5.6%	6.7%	8.7%	6.0%
EBITDA	-0.8%	-8.0%	4.3%	7.6%	4.0%	6.8%
EBIT	0.3%	-8.6%	4.5%	8.9%	12.9%	7.2%
NP	7.0%	-10.5%	-1.4%	4.6%	7.6%	4.3%
EPS	7.0%	-10.5%	-1.4%	4.6%	7.6%	4.3%
DPS	11.1%	-7.0%	-3.2%	5.6%	5.3%	5.0%
CFPS	-22.3%	-19.0%	36.5%	7.6%	-3.7%	12.4%
Operating Ratios						
Gross Margin	2.71%	2.69%	2.70%	2.71%	2.86%	2.86%
EBITDA Margin	2.74%	2.71%	2.68%	2.72%	2.74%	2.76%
EBIT Margin	1.9%	1.8%	1.8%	1.9%	2.1%	2.1%
Net Margin	3.8%	3.6%	3.4%	3.3%	3.5%	3.4%
Working Capital Ratios						
Inventory Days	8.6	8.6	8.6	8.6	8.6	8.6
Average Collection Period	27.5	27.5	27.5	27.5	27.5	27.5
Payable Days	63.0	63.0	63.0	63.0	63.0	63.0
NWC days	-26.9	-26.9	-26.9	-26.9	-26.9	-26.9
Finance Ratios						
Debt-Equity Ratio	1.7%	1.3%	0.9%	0.5%	0.0%	0.0%
Net Debt -Equity Ratio	-27.6%	-27.5%	-27.8%	-28.6%	-29.3%	-29.6%
Net Debt -to-Capital	-27.2%	-27.2%	-27.6%	-28.4%	-29.3%	-29.6%
Net Debt -to-EBITDA	-3.2	-3.5	-3.3	-3.2	-3.2	-3.0
Interest Coverage	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
Return Ratios						
ROIC	7.8%	7.2%	7.5%	8.1%	9.1%	9.7%
ROE	11.7%	10.6%	10.5%	10.9%	11.6%	12.0%
ROA	7.8%	7.1%	7.0%	7.1%	7.5%	7.6%
Liquidity Ratios						
Current Ratio	1.1	1.2	1.1	1.1	1.1	1.1
Quick Ratio	1.0	1.0	1.0	1.0	1.0	1.0
Cash Ratio	0.6	0.6	0.6	0.5	0.5	0.5
Current Ratio (+investments)	2.1	2.2	2.1	2.0	2.0	1.9
Valuation Ratios						
EV/Sales	0.4	0.5	0.4	0.4	0.4	0.4
EV/EBITDA	15.9	17.3	16.6	15.3	14.6	13.6
EV/EBIT	15.9	17.3	16.6	15.3	14.6	13.6
P/E	13.9	15.6	15.8	15.1	14.0	13.5
P/CF0	15.9	19.6	14.4	13.3	13.8	12.3
P/BV	1.6	1.7	1.7	1.6	1.6	1.6
Dividend Yield	6.8%	6.3%	6.1%	6.4%	6.8%	7.1%
FCF Yield	6.7%	5.6%	9.3%	10.1%	9.2%	10.9%

Source: Company data, QNBFS Research

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
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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