Qatar Fuel/Woqod (QFLS)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR12.79	12M Target Price	QR14.60
Implied Upside	14.2%	Old Target Price	QR15.70

2Q2026 NP Beats on Inventory-Led GPM Spike; PT Cut on Weaker Growth Outlook; Accumulate

Woqod reported 2Q2026 attributable earnings of QR235.1mn, up 2.3% YoY and 44.6% QoQ, and 38.1% above our estimate. However, we view the beat as nuanced: revenue missed our forecast by 14.2% and total fuel volumes were 3.7% below our estimate, while the upside was driven mainly by a positive inventory-related price variance and tighter costs. Gross profit rose 19.8% YoY and 38.1% QoQ to QR186.4mn, lifting GPM to 3.6% versus 2.3% modeled. Management explicitly linked the margin-expansion to inventory-related price variances following higher crude prices and cautioned that sustainability depends on future market prices. **With jet fuel volumes still in recovery and the expected bunkering diesel uplift delayed, we cut our revenue, operating profit and net profit forecasts. Our 12M PT falls to QR14.60 from QR15.70, while we maintain Accumulate after the recent sell-off in the stock and the broad market in general, supported by a strong balance sheet and a 6.3% 2026e dividend yield.**

Highlights

- **Headline beat, but mixed earnings quality**. The 38.1% net profit beat was not supported by revenue or volume delivery. Instead, the principal swing factor was the fuel margin, boosted by an inventory-related price variance that can reverse as crude prices normalize.
- **Jet fuel remains the key pressure point**. Jet fuel volume fell 33.9% YoY and 5.9% QoQ to 1,002mn liters, missing our forecast by 11.3%. Management indicated July volumes were running at about 80–85% of a normal month, but emphasized that the trajectory remains dependent on regional conditions.
- **Auto-fuel demand recovered sequentially**. Total auto-fuel volume increased 7.4% QoQ and beat our estimate by 3.3%, led by premium gasoline. This helped cushion the jet fuel shortfall but was insufficient to prevent a 19.2% YoY decline in total fuel volumes.
- **Margins rebounded, but the driver is a one-off, in our view**. The quarter's central debate is not whether earnings beat, but how much of the beat should be treated as recurring. Gross profit exceeded our estimate by 35.9%, while revenue fell 14.2% short. Management attributed the stronger margin partly to inventory-related price variances following higher crude prices, alongside cost optimization. This mechanism is inherently mark-to-market and directionally exposed to subsequent commodity-price moves. With crude prices already showing resistance despite unresolved regional tensions, we do not extrapolate the 3.6% 2Q GPM into our base case. We therefore frame 2Q as a favorable variance rather than evidence of a structurally higher margin regime. The disclosure also limits confidence. The inventory effect was embedded within fuel operating income rather than separately quantified, preventing investors from cleanly separating underlying unit economics from temporary stock-price gains. This matters because the same variance can turn negative in a falling-price environment. We have consequently retained a cautious margin path and lowered medium-term gross profit forecasts despite the strong quarterly print.
- **Forecasts reset lower**. We reduce 2026e revenue by 10.3%, operating profit by 17.4% and net profit by 13.7%. We also lower 2027e/2028e estimates to reflect weaker volume recovery, delayed bunkering momentum and reduced non-core income assumptions. **Overall, while margins may provide some support, we believe this will be insufficient to offset the weaker-than-previously-modeled revenue and sales volume forecasts.**

Catalysts

- **Near term**: Normalization of jet fuel demand, stability in inventory-related price variances, recovery in B2B/bunkering volumes, and delivery of the planned station rollout.
- **Medium term**: Qatar Airways fleet expansion, LNG-linked marine activity, improved terms with key counterparties, and stronger non-fuel income.
- **Balance-sheet optionality**: Buybacks, special dividends and acquisitions could unlock value, although timing and probability remain uncertain.

Recommendation, Valuation and Risks

- **Recommendation and Valuation**: ***We lower our 12M PT to QR14.60 from QR15.70, implying 14.2% upside, and maintain Accumulate.*** The revision reflects lower earnings across our explicit forecast period rather than a change in our view of Woqod's balance-sheet quality. Our valuation remains a weighted blend of DCF, DDM and relative approaches. At the revised earnings base, the shares trade at 14.8x 2026e P/E and offer a 6.3% dividend yield. Following the recent price correction, we believe valuation now offers sufficient compensation for near-term earnings volatility, although rerating requires clearer evidence of jet fuel normalization and sustainable core margins.
- **Risks: (1)** customer and supplier concentration, including Qatar Airways and QatarEnergy; **(2)** commodity-price and inventory valuation swings; **(3)** margin erosion and regulatory/pricing changes; **(4)** slower jet fuel or bunkering recovery; **(5)** structural demand erosion from EV adoption; and **(6)** geopolitics

Key Data

Current Market Price (QR)	12.79
Dividend Yield (%)	7.0
Bloomberg Ticker	QFLS QD
ADR/GDR Ticker	N/A
Reuters Ticker	QFLS.QA
ISIN	QA0001200771
Sector*	Consumer Goods
52wk High/Low (QR)	16.13/12.50
3-m Average Vol.	599,464
Mkt. Cap. ($ bn/QR bn)	3.5/12.7
EV ($ bn/QR bn)	1.9/6.9
Shares O/S (mn)	994.3
FO Limit* (%)	100%
FO (Institutional)* (%)	12.3
1-Year Total Return (%)	-11.3
Fiscal Year-End	December 31

Source: Bloomberg (as of August 24, 2026), *Qatar Exchange (as of August 24, 2026); Note: FO is foreign ownership

Key Financial Data and Estimates

	2025	2026e	2027e
EPS (QR)	1.05	0.86	0.89
P/E (x)	12.23	14.80	14.38
EV/EBITDA (x)	13.30	17.04	16.11
DPS (QR)	0.90	0.80	0.85
DY (%)	7.0%	6.3%	6.6%

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

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Financial Statements and Forecasts

2Q2026 Condensed Income Statement vs. Estimates (QR'000)

Income Statement	2Q25	1Q26	2Q26	2Q26e	YoY	QoQ	Vs. Est.
REVENUE	**6,149,988**	**4,976,618**	**5,229,110**	**6,094,091**	-15.0%	5.1%	-14.2%
GROSS PROFIT	155,605	134,944	186,403	137,212	19.8%	38.1%	35.9%
GPM	*2.5%*	*2.7%*	*3.6%*	*2.3%*	0.0%	0.0%	0.0%
EBIT	120,367	57,857	140,876	92,831	17.0%	143.5%	51.8%
EBIT M	*2.0%*	*1.2%*	*2.7%*	*1.5%*	0.0%	0.0%	0.0%
NON-CORE EARNINGS	**119,919**	**109,714**	**96,708**	**84,600**	-19.4%	-11.9%	14.3%
PROFIT FOR THE PERIOD	**240,286**	**167,571**	**237,584**	**177,432**	-1.1%	41.8%	33.9%
ATTRIB. EARNINGS	**229,948**	**162,637**	**235,134**	**170,293**	2.3%	44.6%	38.1%
NP M	*3.7%*	*3.3%*	*4.5%*	*2.8%*	0.0%	0.0%	0.0%
EPS	**0.231**	**0.164**	**0.236**	**0.171**	2.3%	44.6%	38.1%
VOLUME (MN LITERS)	**2,794**	**2,233**	**2,257**	**2,344**	-19.2%	1.1%	-3.7%
Diesel	493	433	448	455	-9.1%	3.5%	-1.6%
Gasoline	786	735	807	760	2.7%	9.8%	6.2%
Super Gasoline	395	391	417	405	5.6%	6.6%	3.0%
Premium Gasoline	391	344	390	355	-0.3%	13.4%	9.8%
Total Auto Fuel Volume	1,279	1,168	1,255	1,215	-1.9%	7.4%	3.3%
Jet Fuel	1,515	1,065	1,002	1,129	-33.9%	-5.9%	-11.3%

Source: Company data, QNBFS Research

- **Sequential auto-fuel recovery is overshadowed by jet fuel weakness.** Total fuel volumes rose only 1.1% QoQ and remained 19.2% below 2Q2025. The mix was divergent. Gasoline increased 9.8% QoQ and 2.7% YoY, with both super and premium grades improving sequentially. Diesel rose 3.5% QoQ but remained 9.1% lower YoY. Jet fuel was the clear drag, declining 5.9% QoQ and 33.9% YoY. Management said non-jet fuel activity had broadly normalized by late July, whereas jet fuel remained in recovery. Current jet fuel sales were estimated at around 80–85% of a normal month' >500mn liters, but management stopped short of giving a normalization timetable.
- **Bunkering remains a watchpoint**. Management indicated that roughly one-third of diesel volumes relates to bunkering, where vessel movements have faced challenges. This also means a delay in the anticipated LNG-linked bunkering uplift and adds downside risk to our previous volume assumptions.
- **Network rollout**: Woqod ended 1H2026 with 131 stations (from 128 in 2025) and plans four more additions in 2H2026, with one expected in 3Q and three in 4Q.
- **Capex**: Management expects 2026 capex of QR200–300mn (>2x on FY2025), covering station additions and other projects.
- **Cost base**: The lower 2Q G&A run-rate reflected ongoing optimization; management expects costs to remain broadly around this level for the rest of the year.

QNB FS Estimates Revision (QR MN)

	2025	2026e		Change	2027e		Change	2028e		Change
		Current	Previous	▲	Current	Previous	▲	Current	Previous	▲
REVENUE	**25,943**	**21,597**	**24,086**	-10.3%	**24,564**	**25,244**	-2.7%	**25,071**	**25,708**	-2.5%
GROSS PROFIT	869	714	795	-10.2%	792.2	859	-7.8%	819.8	875	-6.3%
EBITDA	882	712	814	-12.6%	733.0	848	-13.6%	781.0	868	-10.0%
OPERATING PROFIT	643	485	588	-17.4%	522.9	636	-17.7%	568.3	653	-12.9%
NET PROFIT	**1,040**	**859**	**996**	-13.7%	**884**	**1,021**	-13.4%	**944**	**1,031**	-8.4%

Source: Company data, QNBFS Research

- **We cut our 2026e revenue forecast by 10.3% to QR21.6bn, primarily reflecting softer jet fuel demand and a slower-than-expected bunkering ramp-up**. Our 2026e gross profit and operating profit forecasts decline by 10.2% and 17.4%, respectively, as we choose not to annualize the favorable 2Q inventory variance. We also reduce non-core income assumptions, resulting in a 13.7% cut to 2026e net profit to QR859mn. Despite the 2Q beat, our revised 2026e net profit implies a 17.4% YoY fall, underscoring that the quarterly variance does not offset the weaker full-year volume and income outlook.

Income Statement (QR MN)

	2025	2026e	2027e	2028e	2029e	2030e
REVENUE	**25,943**	**21,597**	**24,564**	**25,071**	**26,195**	**27,588**
GROSS PROFIT	869	714	792	820	878	929
EBITDA	882	712	733	781	835	888
OPERATING PROFIT	643	485	523	568	619	665
NET PROFIT	**1,040**	**859**	**884**	**944**	**1,000**	**1,050**

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	3,098	3,148	3,213	3,357	3,536
Right of use assets	1,160	1,098	1,059	1,019	979	940
Investment properties	827	811	795	779	763	747
Investment securities	4,438	4,438	4,438	4,438	4,438	4,438
Goodwil & intangibles	165	165	165	165	165	165
	9,586	**9,609**	**9,604**	**9,614**	**9,702**	**9,825**
Current assets						
Inventories	537	443	508	519	543	573
Due from related parties	195	162	185	189	197	207
Trade receivables	1,656	1,378	1,568	1,600	1,672	1,761
Prepayments/other receivables	71	71	71	71	71	71
Cash and bank balances+short term deposits	2,809	2,388	2,686	2,784	2,855	2,913
Total Current Assets	**5,268**	**4,443**	**5,017**	**5,163**	**5,338**	**5,525**
TOTAL ASSETS	**14,854**	**14,052**	**14,622**	**14,777**	**15,040**	**15,350**
EQUITY & LIABILITIES						
Equity						
Share capital	994	994	994	994	994	994
Legal reserve	499	499	499	499	499	499
Fair value reserve	18	18	18	18	18	18
Revaluations surplus	498	498	498	498	498	498
Retained earnings	6,967	6,910	6,977	7,052	7,133	7,212
Common equity	**8,976**	**8,919**	**8,986**	**9,061**	**9,142**	**9,221**
Non-controlling interest	109	124	144	164	184	205
Total equity	**9,084**	**9,043**	**9,130**	**9,226**	**9,326**	**9,426**
Non-current liabilities						
Employees benefits	179	179	179	179	179	179
Decomissioning Provision	90	90	90	90	90	90
Finance lease liability	1,071	1,047	1,023	999	974	950
Total non-current liabilities	**1,340**	**1,316**	**1,292**	**1,268**	**1,244**	**1,219**
Current liabilities						
Trade and other payables	1,043	868	988	1,008	1,053	1,108
Due to related parties	3,362	2,800	3,188	3,252	3,395	3,575
Finance lease liability	25	24	24	23	22	22
Total current liabilities	**4,429**	**3,693**	**4,200**	**4,283**	**4,470**	**4,705**
TOTAL EQUITY & LIABILITIES	**14,854**	**14,052**	**14,622**	**14,777**	**15,040**	**15,350**

Source: Company data, QNBFS Research

Cash flow Statement (QR MN)

	2025	2026e	2027e	2028e	2029e	2030e
Cash flow from operations	1,057	470	1,079	933	1,033	1,109
Cash flow from investing activities	131	80	91	87	9	(30)
Cash flow from financing activities	(1,136)	(971)	(872)	(921)	(971)	(1,021)
(Decrease)/Increase in cash	**52**	**(421)**	**298**	**98**	**71**	**58**
Beginning cash	2,024	2,076	1,655	1,954	2,052	2,123
Closing cash	**2,076**	**1,655**	**1,954**	**2,052**	**2,123**	**2,181**

Source: Company data, QNBFS Research

Ratios

	2025	2026e	2027e	2028e	2029e	2030e
Growth Rates						
Revenue	-7.5%	-16.8%	13.7%	2.1%	4.5%	5.3%
Gross Profit	7.4%	-17.8%	10.9%	3.5%	7.2%	5.8%
EBITDA	12.8%	-19.3%	3.0%	6.5%	7.0%	6.3%
EBIT	11.1%	-24.5%	7.8%	8.7%	9.0%	7.3%
NP	-1.2%	-17.4%	2.9%	6.8%	6.0%	4.9%
EPS	-1.2%	-17.4%	2.9%	6.8%	6.0%	4.9%
DPS	-10.0%	-11.1%	6.3%	5.9%	5.6%	5.3%
CFPS	20.0%	-55.3%	122.0%	-13.2%	10.6%	7.3%
FCFF						
Operating Ratios						
Gross Margin	3.35%	3.31%	3.23%	3.27%	3.35%	3.37%
EBITDA Margin	3.40%	3.30%	2.98%	3.12%	3.19%	3.22%
EBIT Margin	2.5%	2.2%	2.1%	2.3%	2.4%	2.4%
Net Margin	4.0%	4.0%	3.6%	3.8%	3.8%	3.8%
Working Capital Ratios						
Inventory Days	8.2	8.2	8.2	8.2	8.2	8.2
Average Collection Period	27.5	27.5	27.5	27.5	27.5	27.5
Payable Days	64.1	64.1	64.1	64.1	64.1	64.1
NWC days	-28.4	-28.4	-28.4	-28.4	-28.4	-28.4
Finance Ratios						
Debt-Equity Ratio	12.2%	12.0%	11.6%	11.3%	10.9%	10.5%
Net Debt -Equity Ratio	-10.9%	-6.5%	-10.1%	-11.4%	-12.3%	-13.1%
Net Debt -to-Capital	-9.7%	-5.8%	-9.0%	-10.2%	-11.1%	-11.9%
Net Debt -to-EBITDA	-1.1	-0.8	-1.2	-1.3	-1.3	-1.4
Interest Coverage	-16	-9	-10	-11	-12	-13
Return Ratios						
ROIC	7.7%	5.6%	6.2%	6.7%	7.3%	7.9%
ROE	11.6%	9.6%	9.8%	10.4%	10.9%	11.4%
ROA	7.3%	6.2%	6.2%	6.5%	6.8%	7.0%
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	0.4	0.5	0.5	0.5	0.5
Current Ratio (+investments)	2.2	2.4	2.3	2.2	2.2	2.1
Valuation Ratios						
EV/Sales	0.5	0.6	0.5	0.5	0.4	0.4
EV/EBITDA	13.3	17.0	16.1	15.0	13.9	13.0
EV/EBIT	13.3	17.0	16.1	15.0	13.9	13.0
P/E	12.2	14.8	14.4	13.5	12.7	12.1
P/CFO	11.5	25.6	11.6	13.3	12.0	11.2
P/BV	1.4	1.4	1.4	1.4	1.4	1.4
Dividend Yield	7.0%	6.3%	6.6%	7.0%	7.4%	7.8%
FCF Yield	9.3%	5.9%	10.3%	9.3%	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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