

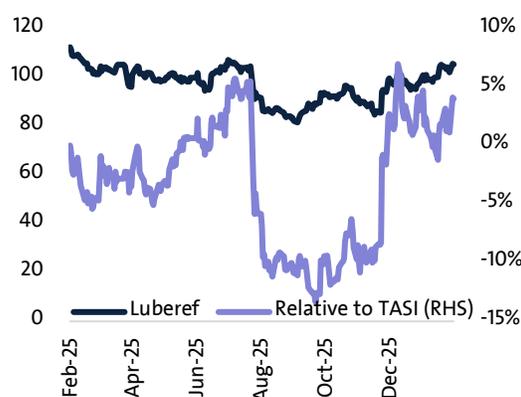
Luberef: Ended 2025 on a strong note, major developments seen in 2026

Recommendation	BUY
Market Price	105.6
Target Price	129.0
Upside/Downside	23%

Stock Data

Market Cap Total/FF (USDmn)	4,725/1,423
Shares Total/FF (mn)	168.7/29.9
52 Week Hi-Low(SAR)	111/81.5
3/6/12 M Volume Traded (mnsh)	0.3/0.23/0.26
3/6/12 M Value Traded (USDmn)	7.2/6.3/6.6
3/6/12 M Relative Performance (%)	17/20/4

Luberef Stock Price Performance VS TASI



Source: AC

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Luberef: Ended 2025 on a strong note, major developments seen in 2026

Luberef posted largely in-line 4Q25 earnings (SAR110mn vs consensus of SAR113mn), taking 2025 earnings to SAR855mn, down 12% YoY. The DPS came ahead of consensus (SAR3.5 for 2H, 2025: SAR4.5 or 70% of FCF). Higher crack margins allowed Luberef to partially mitigate the impact of lower volumes in 4Q. The robust earnings followed two major positive updates on key projects in 4Q (extension of production facility in Jeddah & MoU to explore Group III+ project). We cut our CY26 estimate by 17% but broadly maintain future estimates and TP. Luberef's stock price is up 29% from its Nov-26 low. We see further performance based on progress on major projects. Reiterate Buy

Key highlights

(i) **Base oil crack margins** remained robust in 4Q (+1% QoQ), bringing 2025 crack margin of USD510/ton or a 12% jump YoY due to higher contribution of domestic sales in overall sales and lowering of freight costs on exports. Current premiums on base oil prices are in line with the historical averages and are expected to persist in the medium-term, (ii) **+ve trend in working capital in 4Q25**, primarily associated with lower sales and sales mix skewed towards local sales, lifted 2025 FCF to SAR1.0bn (vs 9M FCF of SAR0.6bn).

(i) **Volume dropped** 39% QoQ in 4Q primarily due to the shutdown of Yanbu facility, dragging 2025 base oil volumes by 14% YoY, (ii) **Higher G&M costs** booked due to turnaround of Yanbu facility.

Mixed updates from management call

Volumes: (i) The much-anticipated Growth II project is expected to see commissioning in 3Q26 though it will require a longer than expected shutdown (30 days vs expected 15 days; no management guidance before). Similarly, a 12-day inspection for the Jeddah facility is scheduled for 1Q26. Resultantly, the management's base-oil volume guidance of 1.25mnton (implied growth of 14% YoY) for 2026 came in below our expectations.

Capex: Though the management expects capex for the Growth II project to remain within budget, turnaround capex in 2026 is still significant (SAR120mn; total capex of SAR440-500mn) in 2026.

Growth III Project: Major progress made on technical feed study by the licensor, which effectively paved the way for more tangible progress in 2026.

Luberef: Financial Highlights (SARmn)

Year to Dec	CY24	CY25	CY26E	CY27E	CY28E	CY29E
Revenues	10036	8103	7994	10468	10591	10714
Growth	5.8%	-19.3%	-1.3%	30.9%	1.2%	1.2%
PAT	972	855	942	1691	1693	1686
EPS (SAR)	5.8	5.1	5.6	10.1	10.1	10.0
Growth	-36%	-12%	10%	80%	0%	0%
DPS (SAR)	6.7	4.5	3.8	8.1	9.0	9.1
P/E (X)	16.3	18.6	16.9	9.4	9.4	9.4
D/Y (%)	7.1%	4.8%	4.1%	8.6%	9.5%	9.6%
EV/EBITDA (%)	12.5	13.4	12.8	7.7	7.7	7.72

Luberef: 2025 Earnings Review

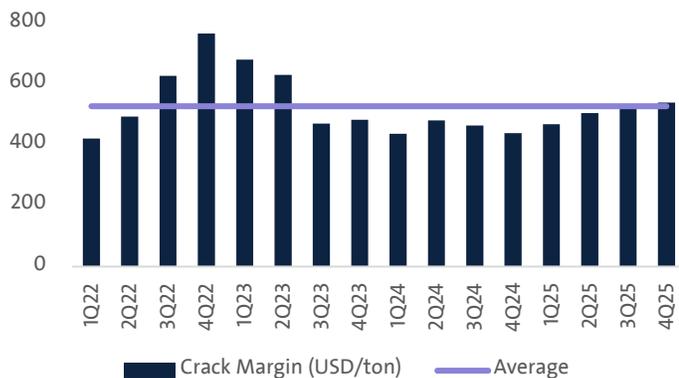
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Luberef's 2025 earnings review								
SARmn	1Q25	1Q25	1Q25	1Q25	QoQ	2024	2025	YoY
Sales	2128	2249	2157	1569	-4%	10036	8103	-19%
Gross Profit	288	320	364	207	14%	1336	1179	-12%
Operating Profit	226	257	293	114	14%	977	890	-9%
EBITDA	294	325	359	180	10%	1259	1159	-8%
Profit Before Zakat/taxes	231	250	288	117	15%	988	886	-10%
Net Profit	222	245	279	110	14%	972	855	-12%
EPS	1.3	1.5	1.7	0.7	14%	5.8	5.1	-12%
Gross Margin	13.5%	14.2%	16.9%	13.2%	262	13.3%	14.5%	113
EBITDA Margin	13.8%	14.5%	16.6%	11.5%	219	12.6%	14.1%	150
Net Margin	10.4%	10.9%	12.9%	7.0%	202	9.7%	10.3%	59
Volumes	272	308	299	223	-3%	1279	1102	-14%
Crack Margin	1755	1893	1994	2022	5%	1706	1916	12%

Source: Company Announcement

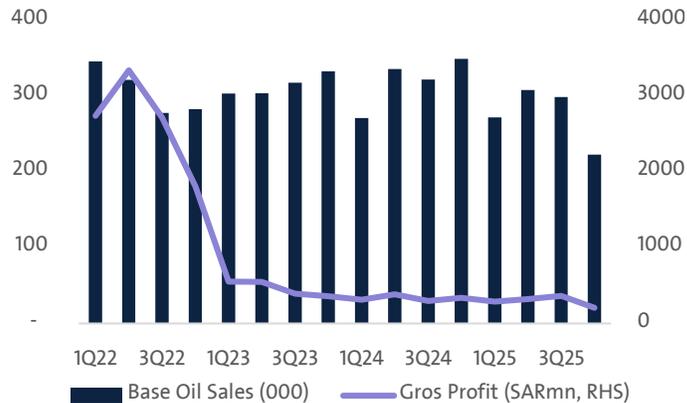
Luberef: Key Quarterly Trends

Luberef: Trend in Crack margin (USD/ton)



Source: Luberef, AC Estimates

Luberef: Trends in base oil sales (000 ton) & Gross Profit



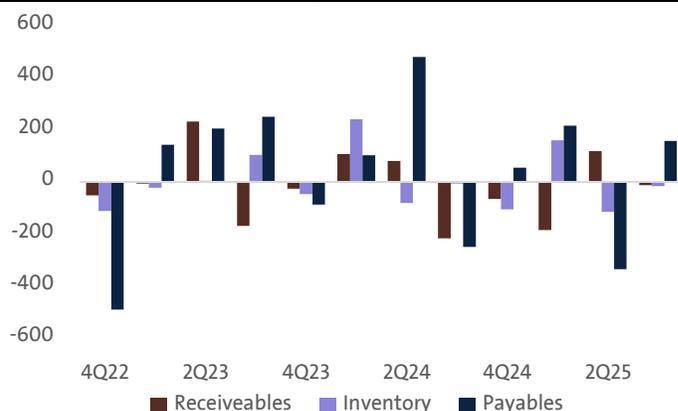
Weight=35% GI, 65% GII Source: Luberef, AC Estimates

Luberef: EBITDA and EBITDA margin trends



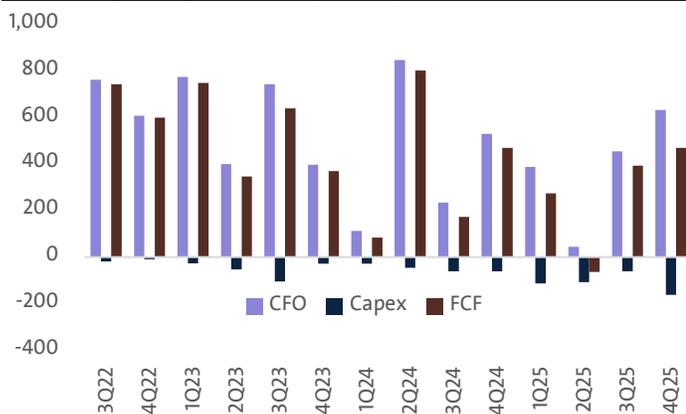
Source: Luberef, AC Estimates

Luberef: Key drivers of working capital changes (SARmn)



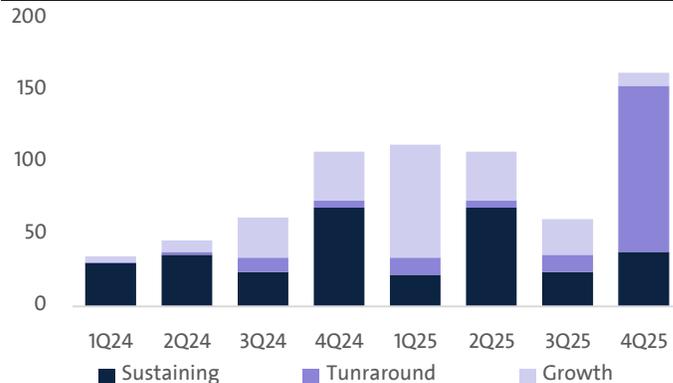
Quarterly changes, Source: Luberef, AC Estimates

Luberef's quarterly FCF trend (SARmn)



Source: Luberef, AC Estimates

Luberef: Capex trends (SARmn)



Source: Luberef, AC Estimates

Analyst Certification:

I/We, **Muhammad Fawad Khan, CFA**, the author/s of this report, hereby certify that that: (i) views expressed in this report reflect the Research Analyst's personal views about all of the securities and (ii) no part of any of compensation of the author/s was, is, or will be directly or indirectly related to the specific recommendations or views expressed by in this report.

Rating Methodology

Alinma Capital Company (ACC) follow a three-tier rating system based on total return methodology as per following details

>+15% Total Return: Stocks with +15% expected total return (including dividend yield) over the next 12-months are classified as Buy.

5-15%: Stocks with total return between 5-15% can be classified as Buy or Neutral.

>-5%<+5% total return: Stocks with total return between -5%+5% can be classified as Neutral or Underperform

Underperform-Stocks which are expected to have <-5% total return

Not Covered: AIC has not assigned any rating on the stock

Coverage Suspended: AIC has temporarily suspended the coverage of the stock either in compliance with local regulation or other considerations

Price data for the listed securities is based on 10 Feb, 2026.

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