

Coverage Initiation

Oman Oil & Transportation Sector

Doubling Down on Growth

Following a year of oil-price underperformance and a downgrade in market expectations for the price outlook, we update our investment cases for **OQEP** and **Asyad Shipping** and initiate coverage of **Abraj Energy Services**, Oman's leading drilling and oil-services provider. Across the three companies, current market pricing appears to only partially reflect business resilience, capital discipline, and the visibility of medium-term growth execution.

- **OQEP.** In 2025 MSX30 was up almost 30% despite that its largest constituent – OQEP – was up just 9%. We think OQEP's underperformance and a slight derating is to be reversed this year – this divergence contrasts with the company's defensive earnings profile, lower sensitivity to oil prices, and structurally higher returns and yields relative to peers. Production growth remains supported by confirmed developments and additional optionality, while capital allocation continues to balance dividends and buybacks against a low-leverage balance sheet.
- **Asyad Shipping.** Supported by a late-2025 spike in crude and LNG freight rates, Asyad Shipping was among the top MSX performers in 2H25. Looking ahead, earnings dynamics increasingly depend on fleet execution rather than spot rate movements. The consolidated fleet is expected to expand by c.6% in 2026 and remains aligned with a c.33% growth target by 2030 versus 2025, driven by the addition of larger crude and bulk vessels. Exposure to charter rates remains material but moderated through fleet scale and mix.
- **Abraj Energy Services.** As one of Oman's leading drilling and oil-services companies, Abraj significantly ramped up contracting activity in 2025, lifting its backlog to nearly 5.5x annual revenues, from 3.7x in 2024. Strong exposure to PDO, Oman's main oil producer, has been a key driver, and we expect PDO's solid growth track record and forward plans to support an increase in Abraj's active rig count to 36 by 2030, from 23 currently.
- **Valuations.** *Available in the full report*
- **Risks.** Oil price/freight rates moves, late delivery on growth plans, temporary dividend reduction due to high financial leverage.
- **Catalysts.** OQEP – progress with Marsa LNG and potential brownfield expansion (inl Block 60, not accounted for). Asyad – delivery on growth plans, recovery of freight rates. Abraj – delivery on drilling rigs roll-out plans.

Oman
Equity Research
Energy

Recommendations Summary

OQEP Rating: OVERWEIGHT

Current Px (OMR)	Available in the full report
Target Px (OMR)	
12m Fwd Dividend Yield (%)	
Expected Total Return (%)	

Asyad Shipping Rating: OVERWEIGHT

Current Px (OMR)	Available in the full report
Target Px (OMR)	
12m Fwd Dividend Yield (%)	
Expected Total Return (%)	

Abraj Energy Services Rating: OVERWEIGHT

Current Px (OMR)	Available in the full report
Target Px (OMR)	
12m Fwd Dividend Yield (%)	
Expected Total Return (%)	

Market Data

	OQEP	Asyad Ship.	Abraj Energy
Market Cap (USD bn)	8.1	2.6	0.7
No. of shares (bn)	8.0	5.2	0.8
52-week High/Low (OMR)	0.258/0.389	0.104/0.192	0.211/0.355
Turnover (6M;USD mn)	7.0	6.0	1.4
Bloomberg Ticker	OQEP	ASCO	ABRJ

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