Daily Bulletin

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ACWA Power Co: 3Q26 net profit +71% YoY, 24% above consensus on stronger investee income

Last Price: SAR 157.0 | Consensus Target Price: SAR 144.0 | YoY Performance: -28.6%

Acwa Power Co. (ACWA AB) reported 3Q26 net profit of SAR 635.1 mn, up 71.1% YoY from SAR 371.2 mn in 3Q25, 23.6% above consensus of SAR 513.8 mn. The company attributes the increase mainly to a higher contribution from equity-accounted investees (SAR 419.3 mn in 3Q26, up 352.1% YoY), higher gross profit (SAR 1,086.2 mn, up 16.6% YoY) and lower general and administrative expenses (SAR 471.4 mn, down 7.8% YoY).

Revenue rose 32.7% YoY to SAR 2,202.1 mn in 3Q26 (3.2% above consensus), driven by improved sales across all segments. O&M revenue increased 49.7% YoY to SAR 1,023.8 mn, while energy and water output services revenue jumped 95.1% YoY to SAR 396.2 mn.

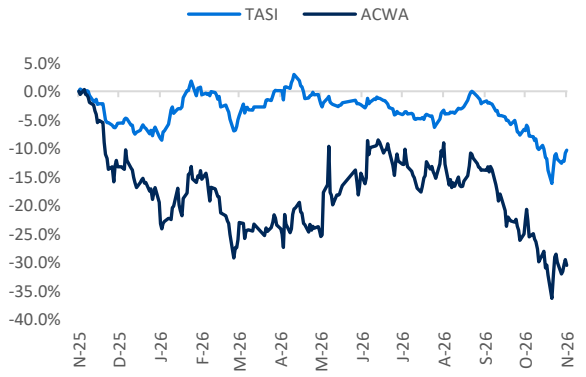
By energy source, natural gas revenue increased 49.2% YoY to SAR 908.6 mn, while solar and wind revenue rose 36.1% and 119.9% YoY to SAR 532.5 mn and SAR 174.2 mn, respectively. The thermal and water desalination segment accounted for 69.9% of total revenue in 3Q26, down from 76.3% in 3Q25.

Gross profit rose 16.6% YoY to SAR 1,086.2 mn, growing slower than revenue as operating costs increased 53.3% YoY to SAR 1,115.9 mn. Operating profit before impairment and other expenses rose 88.2% YoY to SAR 1,105.8 mn (4.3% above consensus). Of the SAR 518.3 mn increase, equity-accounted investees contributed SAR 326.5 mn (63%), gross profit SAR 154.5 mn, other operating income SAR 58.9 mn (mainly group services fees from investees) and lower G&A SAR 39.8 mn, partly offset by SAR 61.3 mn higher project development and acquisition costs. Investee earnings included a SAR 165 mn net gain from Noor Energy 1 refinancing.

Net profit rose 71.1% YoY to SAR 635.1 mn (23.6% above consensus), supported by the SAR 518.3 mn increase in operating profit. Financial charges rose 103.0% YoY to SAR 322.4 mn, largely reflecting lower hedge-recycling gains of SAR 2.7 mn versus SAR 269.5 mn in 3Q25, partly offset by a SAR 118.6 mn non-cash loan-remeasurement gain. Excluding these items, financial charges increased 3.6% YoY. Foreign exchange movements resulted in a SAR 10.6 mn loss, compared with a SAR 41.3 mn gain in 3Q25.

ACWA's stock has lost 28.6% YoY, underperforming TASI, which declined 11.4% during the same period. The stock is currently trading at a 2027e P/E of 62.3x, with a consensus target price of SAR 144.0/share.

Relative price chart



Source: Bloomberg, anbc research

Key financials (SAR mn)

	3Q26	3Q25	*YoY (%)*	2Q26	*QoQ (%)*	Cons.	*Var (%)*
Revenue	2,202	1,660	33	2,012	9	2,133	3
COGS	1,116	728	53	1,035	8	1,081	3
Gross profit	**1,086**	**932**	**17**	**977**	**11**	**1,052**	**3**
GM %	*49%*	*56%*		*49%*		*49%*	
Operating exp.	-20	344		262		-8	-
Operating profit	**1,106**	**587**	**88**	**715**	**55**	**1,060**	**4**
OM %	*50%*	*35%*		*36%*		*50%*	
Net income	**635**	**371**	**71**	**308**	**106**	**514**	**24**
Net margin (%)	*29%*	*22%*		*15%*		*24%*	
EPS (SAR)	**0.8**	**0.5**		**0.4**		**0.7**	

Source: Company financials, anbc research

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