Daily Bulletin

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ACWA POWER 2Q26 net profit falls 36% YoY, misses consensus by 44%

Last Price: SAR 193.0 | Consensus Target Price: SAR 152.5 | YoY Performance: -12%

ACWA Power reported 2Q26 net profit of SAR 308.4 mn, down 36.0% YoY and 10.5% QoQ, 44% below consensus of SAR 554 mn. The decline mainly reflects a high 2Q25 base that included settlement income from Noor 3 project in Morocco, alongside lower equity-accounted income and higher G&A expenses. At the gross level, performance was strong, with gross profit up 33.0% YoY.

Revenue rose 15.1% YoY to SAR 2,012.1 mn, 6% below consensus of SAR 2,150 mn, supported by higher energy and O&M revenue, partly offset by lower development, procurement and construction (DPC) revenue. Gross profit increased 33.0% YoY to SAR 977.0 mn, with margin expanding to 48.6% from 42.0% on a more favorable revenue mix.

Operating income before impairment loss and other expenses declined 46.5% YoY to SAR 715.3 mn. The variance is base-effect driven rather than operational, as 2Q25 included settlement claims relating to Noor 3, while the current quarter absorbed higher employee-related costs and additional investment in digital activities. During 2Q26, Noor 3 recognized an impairment charge of SAR 49.6 mn (ACWA share SAR 37.0 mn) following expected generation loss from a molten salt tank leakage, together with full impairment of capex incurred on a replacement tank. This was largely offset by a SAR 35.6 mn hedge termination gain reclassified from the cash flow hedge reserve to the income statement under IFRS 9. Adjusted net profit stood at SAR 310 mn in 2Q26 versus SAR 648 mn in 2Q25.

ACWA's portfolio reached 111 assets across 16 countries, with 98.2 GW of power and 9.7 mn m^3/day of water capacity. During 1H26, ACWA added 5.2 GW of power and 0.6 mn m^3/day of water to its development pipeline, while renewables reached 53.2% of gross power capacity. ACWA also received mandates to develop and export green hydrogen and renewable electricity from Saudi Arabia and entered Mauritania through agreements for the 230 MW N'Diago CCGT project.

ACWA's share price is down 12% YoY versus a 1% decline in TASI. The stock trades at 57.6x 2026E P/E, with a consensus target price of SAR 152.5/sh implying 21% downside.

Relative price chart

Source: Company financials, Tadawul, anbc research

Key financials (SAR mn)

	2Q26	2Q25	YoY (%)	1Q26	QoQ (%)	Consensus*	Var. (%)
Revenue	2,012	1,748	15.1	2,022	-0.5	2,150	-6.4
COGS	-1,035	-1,013	2.2	-1,096	-5.5	-974	6.3
Gross profit	**977**	**735**	33	**927**	5.4	**1,176**	-16.9
GM (%)	49	42		46		55	
Opex	-262	603	n.m.	-198	n.m.	-173	51.5
Op. profit	**715**	**1,337**	-46.5	**729**	-1.9	**1,003**	-28.7
OM (%)	36	77		36		47	
Net income	**308**	**482**	-36	**345**	-10.5	**554**	-44.3
NM (%)	15	28		17		26	
EPS	***0.40***	***0.65***		***0.45***		***0.72***	

*Source: Company financials, anbc research, Bloomberg**

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