

## Daily Bulletin

December 28, 2025

### ACWA Power signs SAR 1.5 bn desalination deal in Azerbaijan

**Last Price: SAR 185.9 | Consensus Target Price: SAR 219.5 | YTD: -54.0%**

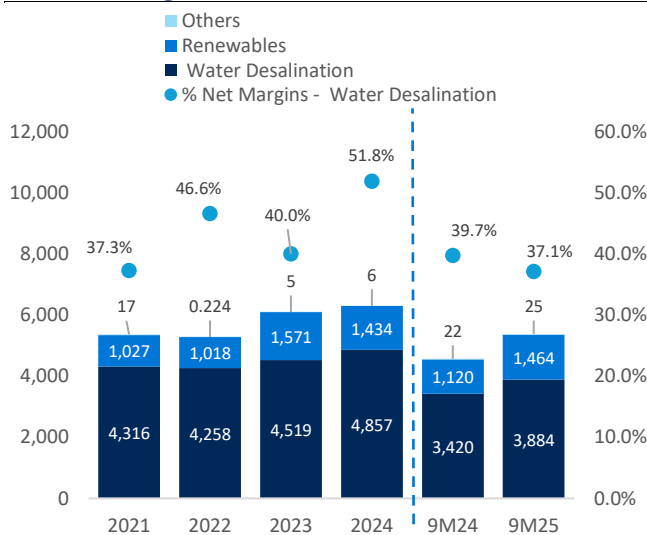
ACWA Power Co. signed a public-private partnership (PPP) and related agreements to develop the first large-scale seawater reverse osmosis (SWRO) desalination plant in the Caspian Sea, Azerbaijan, valued at approximately SAR 1.5 bn (\$400 mn). The 27.5-year contract, including the construction period, was signed with the Government of Azerbaijan, represented by the Azerbaijan State Water Resources Agency, and Caspian Sea Azerbaijan Project Company LLC as the project company. ACWA Power holds a 100% project stake, covering design, engineering, construction, financing, ownership, operation, and maintenance. Financial impact is expected to materialize after the early commercial operation date (ECOD), to be announced at financial close.

The plant, located at the Sumgayit Chemical Industrial Park, will have a daily capacity of approximately 300,000 cubic meters, meeting growing water demand in Baku and the Absheron Peninsula. The contract reinforces ACWA Power's global leadership in desalination, its expertise in large-scale energy and water projects, and its strategic expansion beyond the GCC, supporting long-term revenue visibility and growth in the water and utilities segment.

This development reinforces ACWA Power's revenue profile, where Thermal and Water Desalination continues to dominate. The segment generated SAR 3,884.4 mn in 9M25, accounting for 75.0% of total revenues and rising 13.6% YoY from SAR 3,420.0 mn in 9M24. It also remained the strongest profit contributor, representing 68.8% of net income with a net margin of 37.1%, ahead of the Renewable segment as the second-largest contributor. The newly awarded Caspian SWRO contract is expected to add approximately SAR 54.5 mn in annual revenues, translating into around SAR 20.2 mn in profit after tax, assuming the segment's current net margin of 37.1% is sustained.

ACWA Power's share price has declined 54.0% YTD, underperforming TASI, which is down 12.8% over the same period. The stock currently trades at a forward P/E of 48.5x, with a 12-month consensus target price of SAR 219.5/share, implying a potential upside of 18.1% from the last close price.

#### ACWA's segmental revenue



Source: Company financials, Tadawul, anbc research

#### Relative price performance



Source: Bloomberg, anbc research

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