

Daily Bulletin

July 3, 2025

- > ACWA Power rights issue set to commence on July 6
- > Arabian Drilling, Aramco extend SAR 1.4 bn contracts for 4 rigs
- > Residential mortgage to individuals declines 4% YoY in May to SAR 7.4 bn

ACWA Power sets rights issue share price, number of new shares

ACWA Power has announced that subscription to its new shares, offered in lieu of SAR 7.1 bn rights issue, will begin on 6th July 2025 and end on 13th July 2025.

Capital Increase Details			
Current capital	SAR 7.3 bn	Percentage of increase	4.6%
Number of shares	732.6 mn	Number of new shares	33.9 mn
New capital	7.6 bn	Offering price	SAR 210/share
New number of shares	766.5 mn	Total offering Value	SAR 7.1 bn

Source: Argam, anb research

The trading and subscription period will commence on same date, i.e., 6th July 2025, however, subscription period will end on 16th July 2025, 3 days after the conclusion of trading period (13th July 2025).

During the trading period, registered shareholders will have the option to trade their rights by either selling all or part of their allocated rights, purchasing additional rights through the exchange, or choosing not to take any action. Additionally, new investors will be allowed to buy and sell rights during the trading period via the exchange.

In the subscription window, both registered shareholders and new investors may subscribe to new shares. Registered shareholders can subscribe to the number of rights they hold or acquire additional rights and subscribe to the corresponding shares after settlement (within two business days). New investors who purchase rights during the trading period may also subscribe after settlement.

As of 1Q25, ACWA reported AUMs of ~ USD 107.5 bn, with a YTD increase of USD 10.3 bn. Company has announced an aggressive expansion strategy of reaching USD 250 bn in AUMS till 2030, nearly tripling from the plan's announcement in 2023. Proceeds from rights issue will be utilized to finance this expansion.

Ex-rights Price (TERP) and TASI

ACWA Power's rights issue may exert some downward pressure on the overall index due to its significant index weight of 4.11%. The overall impact on the index is expected to be limited, given the relatively small change (-0.6%) in Ex-rights price (SAR 242.5/sh) from the current price of SAR 244.0/sh (last close of 2nd July, 2025).

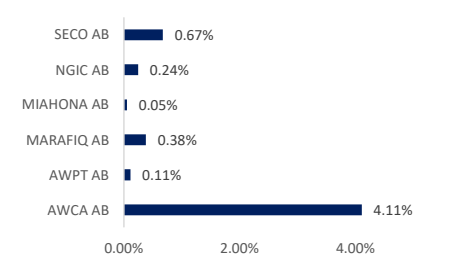
	Shares (Mn)	Price	Value (SAR Mn)
Old Shares	732.6	244.0	178,745.0
New Shares	33.9	210.0	7,125.0
Total	766.5		185,1870.0
Issue Size	4.6%		
TERP (SAR)	242.5		
Value of Rights (SAR)	32.5		

Source: anb research

Largest Utility Contributor to TASI

ACWA Power Co. holds the highest weight of 4.1% among utility sector constituents in the Tadawul Index. From Jul-24, the stock notably outperformed the broader index, rising by 42.1% from SAR 350/sh to a peak of SAR 497/sh. However, beginning in Mar-25, sentiment reversed sharply as the stock entered a sustained downward trend. By 2nd July 2025, the share declined to SAR 244/sh, reflecting a 50.9% drop from its peak, and is now trading at a TTM P/E of 99.1x.

Largest Utility Contributor to TASI



Source: Bloomberg, anbc research

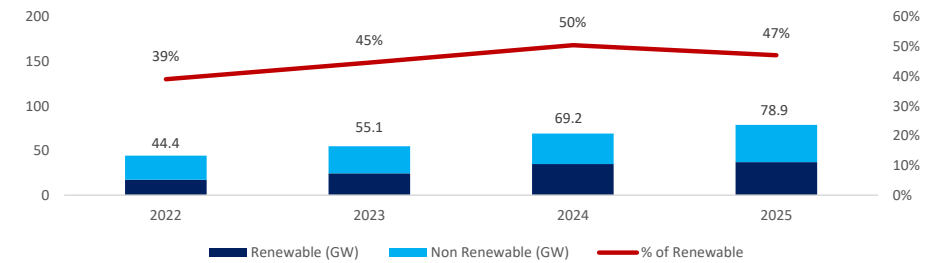
Relative Price Performance



Source: Bloomberg, anbc research

ACWA has recently entered Chinese market with a 1GW renewable projects across multiple provinces. Beyond China, company has plans to enter Malaysian and Tunisian market with MoUs in place. With 47% of the Gross Power Capacity as Renewable, the company plan to achieve 'net zero emissions' by 2030. It is pertinent to mention that Kingdom has set a goal of achieving 130GW in renewable energy by 2030, translating into 50% of total energy sources.

Gross power capacity – ACWA Power



Source: anbc research, Company data

Arabian Drilling, Aramco extend SAR 1.4 bn contracts for 4 rigs

Arabian Drilling Co. secured contract extensions for four of its rigs with Saudi Aramco, for a total backlog value of SAR 1.37 bn, with durations varying between one and ten years. The company is expecting to realize the financial impact of these contract extensions from 3Q25.

Prior to this, in May 2025, Arabian Drilling Co. extended long-term contracts for two rigs with Saudi Aramco valued at SAR 1.06 bn, with a duration of 10 years for each drilling rig.

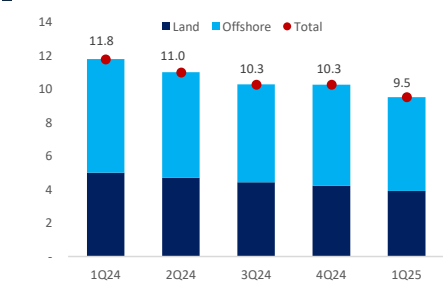
The renewal is a key component to Arabian Drilling’s efforts to extend the operational life of rigs scheduled to expire this year, which totaled 22 rigs on 31st March 2025. The extension elevates the company's current backlog to SAR 11.1 bn.

1Q25 Performance

The company reported a backlog of SAR 9.5 bn in 1Q25. During the quarter there was a net backlog addition of SAR 170 mn, on the back of acquiring a new Self Elevating Service Vessel (SESV) with a two year firm contract. The SESV backlog addition offset one suspended offshore rig contract terminated in 1Q25.

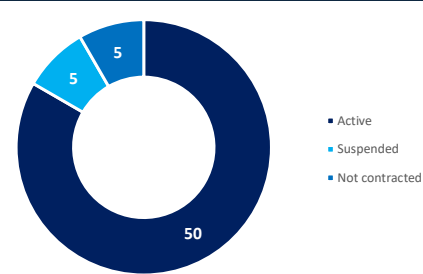
During 1Q25, the company had a rig utilization of 83.3%, with 50 active rigs out of 60 available fleet size. Of the active rigs, 8 were Offshore and 42 were Land rigs. Of the 10 rigs that were not active, 5 rigs were suspended (2 Offshore and 3 Land) and 5 rigs were without a contract (1 Offshore and 4 Land).

Backlog by Segment (SAR bn)



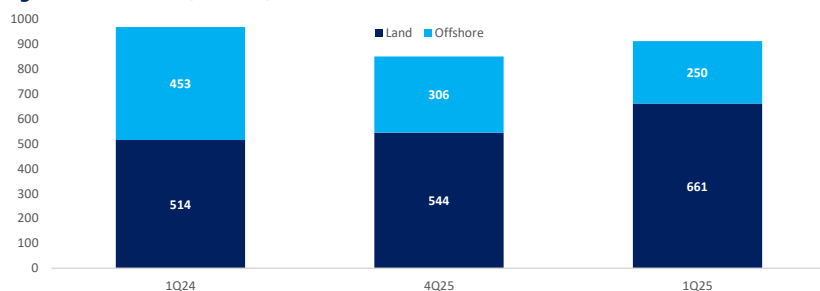
Source: Company Data, anbc Research

1Q25 Fleet Analysis



Source: Company Data, anbc Research

During 1Q25, the company reported a revenue of SAR 911.1 mn. Revenue was up 7.2% QoQ due to the full quarter impact of 3 unconventional land rigs deployed late December 2024 and early 1Q25. It also included the impact of higher rig move activity, partially offset by temporary discounts on offshore day rates for 2 rigs. No further rig suspensions occurred in 1Q25.

Segmental Revenue (SAR mn)

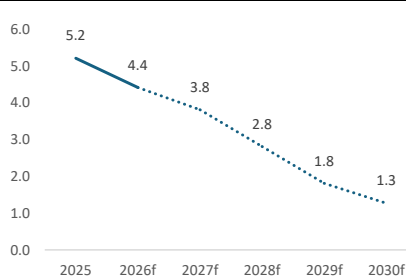
Source: Company Data, anbc Research

Residential mortgage to individuals declines 4% YoY in May to SAR 7.4 bn**Overall Lending Activity**

Residential mortgages provided by banks to individuals in Saudi Arabia totaled SAR 7.4bn in May 2025, marking a 4% decline YoY, according to data released by the Saudi Central Bank (SAMA). The number of residential mortgage contracts signed between banks and individuals during the month reached 9,961.

Mortgages negative correlation with SAIBOR

Source: Bloomberg, SAMA and anbc Research

SAIBOR Forecast

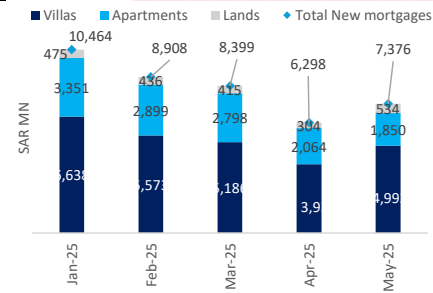
Source: Bloomberg and anbc Research

The data suggests, residential new mortgages and SAIBOR have a negative correlation. The mortgages witnessed a drop when borrowing rates jumped from around 1.0% in Dec-2021 to 6.3% in Dec-23 and new mortgages hit a 5 year low in April 2023. However, the new mortgages have recovered after slow decrease in funding cost and we believe further rate cuts by Fed will support the growth in new mortgages. This stems from the rising demand of real estate, benefitting the companies such as, RETAL, ARADCO, and DAR ALARKAN, due to rising population.

Average Loan Size and Product Breakdown

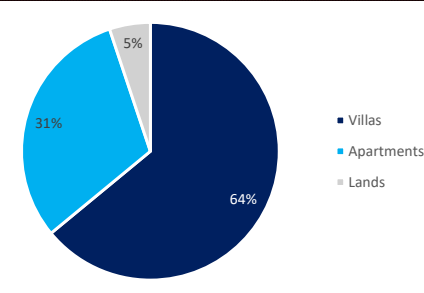
Mortgages for residential villas accounted for the largest share of total bank financing, amounting to SAR 4.99 bn, representing 68% of the total share in May. Apartments followed with SAR 1.85bn in financing, while land plots ranked third with SAR 534mn.

New Residential Mortgages by Product Type



Source: Argaam, anbc Research

Residential Mortgage Breakdown 2024



Source: Argaam, anbc Research

Commented [KK1]: Updated Graph only

New Residential Mortgages by Product Type 2024 (SAR mn)

Period	Villas	Apartments	Lands
January	5,132	1,967	440
February	4,529	1,980	433
March	4,912	2,237	474
April	3,681	1,389	270
May	5,114	2,153	408
June	3,427	1,616	263
July	4,380	2,262	429
August	3,791	2,446	362
September	3,883	2,540	397
October	4,828	2,855	458
November	6,502	3,155	408
December	8,120	3,486	335

Source: Argaam, anbc Research

Financing Provided to Individuals

New residential mortgage financing provided to individuals by financing companies fell by 24% YoY to approximately SAR 191mn in May.

Residential Mortgages to Individuals from Financing Firms (SAR mn)

Year	2024	2025	Change
January	273	224	-18%
February	268	198	-26%
March	225	197	-12%
April	143	214	50%
May	252	191	-24%
June	160	-	-
July	193	-	-
August	161	-	-
September	202	-	-
October	254	-	-
November	201	-	-
December	235	-	-

Source: Argaam, anb Research

Achieving Vision 2030

Saudi Arabia’s Vision 2030 aims to raise the homeownership rate to 70% by 2030. As of 2024, the rate reached 65.4%, surpassing the year’s target of 64%.

Disclaimer:

This report has been prepared on the basis of information believed to be reliable, but anb capital makes no guarantee, representation or warranty, express or implied, as to the accuracy, correctness or completeness of such information, nor do they accept any responsibility for loss or damage arising in any way (including by negligence) from errors in, or omissions from the information.

This report has been prepared by anb capital for information purposes only and is not and does not form part of nor should be considered advice, recommendation, offer for sale or solicitation of any offer to subscribe for, purchase or sell any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever, and any views or opinions expressed herein are subject to change without notice.

This report and information contained herein, are provided for informational purpose only and does not take into consideration any investment objective, financial situation or particular needs of any recipient and are not designed with the objective of providing information to any particular recipient and only provides general information.