

Daily Bulletin

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Higher finance income and lower finance cost uplift Arabian Mill's profit 11% YoY in 2025

Last Price: SAR 40.8 | Consensus Target Price: SAR 53.1 | YoY Performance: -13.9%

Arabian Mills for Food Products Co. (Arabian Mills) posted a net profit of SAR 237.0 mn during 2025, up 11.0% YoY, primarily led by a 2.4% YoY growth in revenue, improved cost efficiencies, lower finance cost and higher finance income. The result was in line with the consensus net profit of SAR 237.7 mn, down by 0.3%. The company had previously announced a dividend of SAR 1.0/share for 2025.

Arabian Mills reported a revenue of SAR 997.7 mn during 2025, up 2.4% YoY. The growth in revenue was led by a 7.9% YoY increase in Flour business revenue, resulting from the company's efforts to increase market share in the B2B and B2C segments. Additionally, the Feed segment revenue recorded a 3.7% YoY improvement during 2025, due to higher sales from the livestock segment. However, the Bran segment's sales declined during the year as the company increased Bran usage in Feed production in response to stronger demand in the Feed segment.

For 2025, cost of sales increased by 0.7% YoY to SAR 526.8 mn, relatively lower than the growth in revenue. This resulted in a 4.5% YoY growth in gross profit to SAR 470.8 mn in 2025. Gross margins increased to 47.2% in 2025, from 46.3% in the previous year. Additionally, Arabian Mills recorded growth in finance income due to a 54.3% YoY increase in Sharia Complaint Deposits. The company also reported an SAR 12.9 mn decline in finance cost resulting from efforts to reduce debt through early voluntary loan repayments. Notably, the company announced voluntary repayments amounting to SAR 150 mn Murabaha agreement with Saudi Awwal Bank during 2025.

Looking ahead, the company has recently announced signing of contracts with Bühler AG as part of its expansion projects. The contract includes establishing new flour and feed mills at the Riyadh branch with production capacities of 800 and 400 tons/day, respectively. Additionally, the company is upgrading the flour mill at the Hail branch with a production capacity of 150 tons/day.

Arabian Mill's stock has declined 13.9% on an annual basis, underperforming TASI which declined 6.6% over the same period. Currently, the stock is trading at a 2026f P/E of 8.5x, with a consensus target price of SAR 53.1/share. The company has a potential upside of 30.0% from the last close of SAR 40.8/share.

Relative price chart



Source: Bloomberg, anbc research

Key financials (SAR mn)

	2025	2024	YoY (%)	Consensus	Var (%)
Revenue	998	974	2.4	1,003	-0.5
COGS	(527)	(523)	0.7	(546)	-3.6
Gross profit	471	451	4.5	457	3.1
Gross margin (%)	47.2	46.3		45.5	
Operating exp.	(164)	(153)	7.6	(155)	5.8
Operating profit	307	298	2.8	301	1.8
Opt. margin (%)	30.7	30.6		30.0	
Net income	237	214	11.0	238	-0.3
Net margin (%)	23.8	21.9		23.7	
EPS	4.62	4.16		4.63	

Source: Company financials, anbc research

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