Daily Bulletin

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Savola reports FY25 profit of SR 874.5mn, ahead of consensus estimates

Last Price: SAR 21.9 | Consensus Target Price: SAR 25.4 | YoY Performance: -37.2%

Savola Group posted a 2025 net income of SAR 874.5 mn, outperforming the consensus estimate of SAR 742.0 mn by 17.9%. Despite this headline beat, the company's bottom line contracted by over 90% year-on-year, primarily reflecting the absence of substantial non-recurring gains recorded in 2024. Notably, 2025 results did not include the one-off gain recognized in 2024 from the distribution of Savola's entire 34.52% stake in Almarai to eligible shareholders, which amounted to SAR 11.3 bn, net of a zakat charge of SAR 288 mn. Additionally, the share of results from associates declined, primarily due to the absence of profit contribution from the Group's previously held investment in Almarai, which had contributed SAR 782 mn in 2024 before the distribution.

The Retail segment's profitability declined from SAR 154 mn to SAR 115 mn, mainly due to higher operating expenses related to new store openings and continued investment in the Customer Experience Revival (CXR) program, as well as the non-recurrence of a one-off provision reversal on aged receivables (SAR 16 mn) recorded in 2024. Operating expenses also increased in 2025 following the consolidation of United Sugar Company of Egypt, which had been accounted for as an associate in 2024.

In contrast, the Food Processing segment reported a net profit of SAR 481 mn in 2025, compared with a net loss of SAR 1.6 bn in 2024. This improvement was primarily due to the absence of a SAR 1.1 bn loss from the divestment of operations in Iran, a SAR 0.3 bn loss from discontinued operations in Sudan, and a SAR 139 mn loss from the derecognition of the associate investment in United Sugar Company of Egypt (SAR 97 mn of which was recorded in the Food Processing segment), all recognized in 2024. The segment also recorded a SAR 34 mn gain from the divestment of its business in Turkey in 2025.

The Frozen Food segment also improved, reporting a net profit of SAR 46 mn in 2025 compared with a net loss of SAR 33 mn in 2024, mainly due to the non-recurrence of a SAR 76 mn impairment loss on certain non-current assets recorded in 2024. Meanwhile, the Food Services segment showed improved operational performance, with the net loss narrowing to SAR 77 mn from SAR 117 mn, despite recognizing a net impairment loss of SAR 35 mn in 2025.

Profitability was further supported by a reversal of prior-year zakat accruals, net of related expenses, amounting to SAR 247 mn in 2025, along with lower income tax expense. Finance income increased primarily due to a gain on the settlement of a put option liability, with a net impact of SAR 40 mn. Finance costs declined mainly due to the non-recurrence of financial charges related to debt settled in 2024 (SAR 334 mn), the absence of a SAR 20 mn premium incurred in 2024 to buy back and cancel the company's SAR 1 bn sukuk facility, and the non-recurrence of a SAR 109 mn impact from the Egyptian pound devaluation recognized in 1Q24. These improvements were partially offset by the consolidation of United Sugar Company of Egypt during 2025.

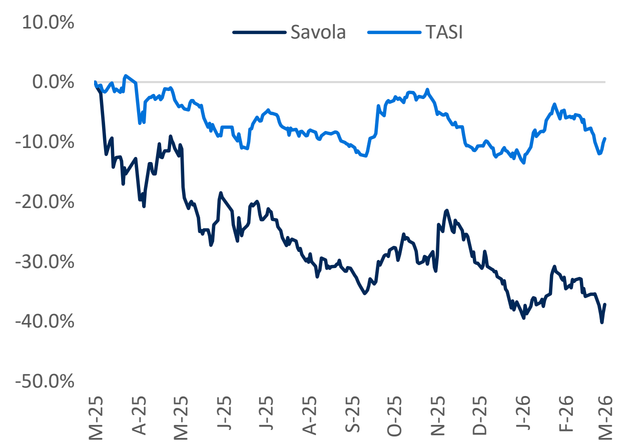
Excluding these non-recurring items and one-offs, the Group's adjusted net income amounted to SAR 539 mn in 2025, compared with SAR 296 mn in 2024, providing additional context on the Group's underlying operating performance.

Revenue stood at SAR 26,081.1 mn, up 13.2% YoY. The result came broadly in line with the consensus estimate of SAR 26,625 mn, down by 2.0%. The increase was primarily driven by the Retail segment, where revenues rose 6.6%, supported by store network expansion and positive momentum from the ongoing Customer Experience Revival (CXR) program, along with growth in omni-channel sales.

The Food Processing segment also reported higher revenues, driven by increased sales volumes in both the edible oil and sugar segments, as well as higher commodity prices in the edible oil segment. This was partially offset by lower commodity prices in the sugar segment. Additionally, the consolidation of United Sugar Company of Egypt, which was classified as an associate in the comparative period, contributed to the increase. Meanwhile, Frozen Foods segment revenues increased by 5.9% in 2025 compared with the prior year period, despite lower revenues reported in the Food Services segment.

Savola Group has declined 37.2% YoY, underperforming TASI, which declined 9.4% during the same period. The stock is currently trading at a 2026e P/E of 11.7x, with a consensus target price of SAR 25.4/sh, implying an upside of 16.0%.

Relative price chart



Source: Tadawul, anbc research

Key financials (SAR mn)

	2025	2024	YoY (%)	Consensus	Var. (%)
Revenue	26,081	23,046	13	26,625	(2)
COGS	20,992	18,213	15	21,458	(2)
Gross profit	**5,089**	**4,833**	**5**	**5,167**	**(2)**
Gross margin (%)	19.5	21.0		19.4	
Operating exp.	3,952	3,447	15	4,050	(2)
Operating profit	**1,137**	**1,386**	**(18)**	**1,117**	**2**
Opt. margin (%)	4	6		4	
Net income	**875**	**9,974**	**(91)**	**742**	**18**
Net margin (%)	3.4	43.3		2.8	
EPS	***2.9***	***33.2***		***2.5***	

Source: Company financials, anbc research

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