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CAPITAL

1Q25 Earnings Preview

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1Q25 Earnings Preview

- We expect corporate earnings in Saudi Arabia to remain mostly positive in 1Q25e, with most non-oil sectors likely witnessing healthy earnings growth; however, some of the non-oil sectors' earnings might be impacted due to seasonality factors. Overall, the aggregate top-line of our main market coverage companies is expected to increase by 7.5% y/y, while we anticipate the cumulative earnings to rise by 8.8% y/y in 1Q25e. Meanwhile, the outlook for the rest of 2025e remains uncertain as the impact of trade tariffs might falter global economic growth. Oil-related sectors are expected to remain under pressure due to lower oil prices as tariffs dampen demand sentiments.
- The outlook for KSA banks remains positive, underpinned by a favorable domestic macroeconomic environment and upbeat guidance across the KSA banking universe (refer to our [“KSA Banks Earnings Update”](#)). For SNB, we anticipate robust earnings growth driven by a confluence of factors, including healthy loan book expansion across both mortgages and corporate segments, stable NIMs, and prudent COR. Additionally, car rental companies (Lumi, Budget, and Theeb) are expected to post healthy growth in the top line (+27% y/y), driven by business expansion, especially post-Budget's recent acquisition. However, we expect earnings to grow at a slower pace of 17% y/y due to margin contraction. Simultaneously, we expect Pharma companies (such as Jamjoom and Avalon) to continue their growth trajectory due to a favorable demand outlook and expansions.
- Moreover, within our real estate sector coverage, both Retal and Akaria (including one-off gains on non-core land sale) are expected to witness strong earnings growth on a solid backlog and improved execution rate. Meanwhile, Cenomi Centers is anticipated to post 56% y/y earnings growth, supported by margin expansion, and likely higher FV gains and lower ECL. Among the capital goods companies, Riyadh Cables and Gas Arabian are projected to record strong earnings growth annually on a robust orderbook, an accelerated project execution rate, and likely margin expansion.
- On the contrary, we expect the most petrochemical companies (under our coverage) to continue to witness pressure on earnings annually, weighted down by lower product spreads for most products amid increased feedstock prices and production costs. However, we expect an improvement in earnings sequentially, driven by better sales volume and a recovery in the netback on easing shipping costs. Similarly, for the energy companies, we expect ADES earnings to decline sequentially, aided by fewer active offshore rigs (45 vs 48 in 4Q24 due to preparation time for the recent contracts). However, we expect ADC to witness an improvement in earnings

sequentially due to the deployment of additional unconventional onshore rigs with better day rates. Meanwhile, Luberef's 1Q25 earnings may remain weak sequentially on lower base oil sales volume (15-day catalyst replacement shutdown) amid steady crack margin, while Amak's topline is projected to experience pressure sequentially in 1Q25e, primarily due to a planned one-month mine closure.

- For the IT sector, Elm has demonstrated robust growth in recent years, capitalizing on KSA's digitization initiatives. However, our outlook for 2025e is cautiously optimistic, primarily due to the pending Thiqah acquisition and muted 2025e guidance from management. Consequently, we anticipate sequential earnings pressure for Elm in 1Q25e. Further, we expect Saudi Azm's earnings to grow, backed by margin expansion. For consumer-related stocks, we expect Leejam to witness a 25.2% y/y decline in earnings, primarily due to seasonality, increased costs associated with ongoing expansion and facility refurbishments, a gradual ramp-up of the newly opened gyms, and elevated operating expenses. Meanwhile, we expect a continued recovery in earnings for Alamar and Americana, driven by the gradual normalization of operations as the impact of geopolitical tensions subsides. In the Food & Beverage sector, despite anticipated top-line growth, we project a decline in earnings for Tanmiah (-13.2% y/y) and Entaj (-44.9% y/y), primarily due to expected margins contraction caused by continued pricing pressure.
- Moreover, SAL's earnings are projected to face pressure on a y/y basis, primarily due to the elevated base effect of 1Q24, which benefited from tailwinds related to the Red Sea crisis. Consequently, we anticipate a normalization of SAL's earnings in 1Q25e. Separately, a lower ADTV in 1Q25 is expected to impact both the top-line and bottom-line performance of TadawulG. Further, for Marafiq, we expect higher fuel and financing costs to weigh on earnings on an annual basis, offsetting a moderate revenue growth driven by rising power demand as well as likely one-time development fees following the financial close of the Al Haer project (35% stake). We also note that 1Q25 is not comparable to prior periods due to restatements. On the other hand, Miahona's earnings are anticipated to benefit from construction revenue recognition related to the Ras Tanura project and the likely recognition of a one-time development fee following the financial close of the Al Haer project (45% stake).

Main market: 1Q25 estimates

	CMP	Mcap	YTD	Revenues (SARmn)					Net profits (SARmn)					Annualized P/E	
Company	(SAR)	(SARmn)	%	1Q25e	1Q24a	Y/Y	4Q24a	Q/Q	1Q25e	1Q24a	Y/Y	4Q24a	Q/Q	1Q25e	4Q24
Petrochemical															
Alujain*	38.65	2,675	0.9%	283	478	-40.9%	358	-21.0%	(7)	6	NM	(117)	94.4%	NM	NM
Sipchem**	19.46	14,271	-21.8%	1,790	1,925	-7.0%	1,739	2.9%	45	182	-75.4%	20	123.1%	80.0x	178.5x
Kayan	6.00	9,000	-14.5%	2,275	1,976	15.1%	2,245	1.3%	(481)	(572)	15.9%	(686)	29.9%	NM	NM
Energy															
Arabian Drilling	89.90	8,001	-19.4%	880	967	-9.0%	850	3.5%	92	146	-37.2%	70	31.0%	21.8x	28.5x
ADES***	15.16	17,117	-12.7%	1,481	1,532	-3.4%	1,569	-5.6%	187	201	-6.9%	210	-10.9%	22.9x	20.4x
Materials															
Luberef	103.40	17,449	-7.5%	2,354	2,185	7.7%	2,627	-10.4%	205	239	-14.4%	208	-1.7%	21.3x	21.0x
AMAK	54.00	4,860	-20.0%	187	134	38.8%	227	-17.7%	43	15	182.1%	41	3.5%	28.5x	29.5x
Utilities															
Marafiq#	44.55	11,138	-18.7%	1,659	1,599	3.7%	1,707	-2.8%	(11)	43	NM	(277)	96.1%	NM	NM
Miahona	20.58	3,312	-25.8%	150	82	83.5%	145	3.5%	33	20	65.9%	(4)	NM	25.0x	NM
Banks and Financial Services															
SNB^	33.90	203,400	1.5%	9,182	8,939	2.7%	8,988	2.2%	5,416	5,040	7.5%	5,359	1.1%	9.4x	9.5x
TadawulG	197.20	23,664	-9.0%	330	388	-14.8%	346	-4.6%	115	202	-43.0%	116	-1.2%	51.5x	50.9x
Retailing															
Jarir	12.84	15,408	1.4%	2,713	2,650	2.4%	2,864	-5.3%	221	219	0.8%	275	-19.7%	17.4x	14.0x
SASCO	63.90	4,473	0.6%	2,797	2,453	14.0%	2,605	7.4%	8	10	-19.7%	10	-20.8%	139.1x	110.2x
Food & Beverages															
Tanmiah	118.00	2,360	-2.5%	689	581	18.4%	685	0.5%	18	21	-13.2%	27	-31.9%	32.4x	22.1x
Entaj	51.90	1,557	3.8%	364	340	7.3%	316	15.1%	12	22	-44.9%	(6)	NM	32.1x	NM
First milling	59.50	3,302	-1.7%	283	276	2.3%	269	5.2%	80	78	2.9%	66	20.5%	10.3x	12.4x
Modern Mills	38.55	3,155	-6.3%	275	258	6.6%	267	2.9%	66	65	1.5%	51	29.9%	12.0x	15.5x
Arabian Mills	46.00	2,360	-6.2%	248	238	4.2%	265	-6.3%	57	55	2.7%	57	-0.5%	10.4x	10.3x
Consumer Services															
Americana^^	2.00	16,847	-12.3%	563	494	14.1%	589	-4.4%	45	27	67.1%	37	20.0%	25.2x	30.3x
Alamar***	70.50	1,798	-5.9%	213	207	3.1%	229	-6.9%	9	(17)	NM	22	-57.7%	49.1x	20.7x
Leejam	144.00	7,543	-22.3%	370	344	7.7%	408	-9.4%	70	94	-25.2%	102	-31.2%	26.8x	18.4x

Main market: 1Q25 estimates

Company	CMP (SAR)	Mcap (SARmn)	YTD %	Revenues (SARmn)					Net profits (SARmn)					Annualized P/E	
				1Q25e	1Q24a	Y/Y	4Q24a	Q/Q	1Q25e	1Q24a	Y/Y	4Q24a	Q/Q	1Q25e	4Q24
Capital Goods															
Riyadh Cable***	128.80	19,320	-6.5%	2,585	2,032	27.2%	2,497	3.5%	246	169	45.8%	254	-2.9%	19.6x	19.0x
Astra****	158.40	12,672	-12.0%	830	843	-1.5%	722	15.1%	182	151	20.6%	131	38.7%	17.4x	24.1x
Transportation															
Theeb	70.90	3,049	-7.4%	350	307	14.1%	337	3.8%	46	40	13.6%	51	-10.1%	16.6x	14.9x
Budget	80.00	6,253	-2.3%	648	417	55.5%	623	4.0%	83	70	19.6%	103	-19.1%	18.7x	15.2x
Lumi	63.50	3,493	-10.8%	414	384	7.7%	402	2.8%	52	45	15.6%	49	4.5%	16.9x	17.7x
SAL	184.80	14,784	-26.8%	410	453	-9.3%	409	0.4%	153	208	-26.6%	142	7.8%	24.1x	26.0x
Software & Services															
ELM	977.00	78,160	-12.4%	1,892	1,639	15.4%	2,129	-11.1%	400	345	16.1%	510	-21.6%	48.8x	38.3x
Pharma															
Jamjoom	151.80	10,626	-0.3%	482	385	24.9%	260	85.4%	143	103	38.9%	52	177.2%	18.6x	51.5x
Avalon	128.20	2,564	5.3%	96	76	26.2%	136	-29.7%	16	9	70.8%	45	-64.3%	40.0x	14.3x
Real Estate															
Akaria	21.88	8,205	-13.5%	694	428	62.2%	744	-6.8%	178	3	NM	188	-5.4%	11.5x	10.9x
Cenomi Center	20.06	9,529	-7.6%	587	586	0.2%	585	0.3%	290	186	56.0%	357	-18.8%	8.2x	6.7x
Retal	17.00	8,500	5.1%	582	501	16.2%	588	-1.1%	100	62	60.6%	92	9.2%	21.2x	23.2x
Others															
Mawarid#	136.00	2,040	29.0%	516	375	37.6%	770	-33.1%	27	26	4.0%	29	-4.2%	18.6x	17.8x
SMASCO	5.90	2,360	-23.0%	475	477	-0.4%	476	-0.1%	30	38	-21.1%	23	29.3%	19.6x	25.3x

Source: Company data, GIB Capital. Prices as of 13 April 2025. * 4Q24 includes ~SAR157mn impairment loss on customer relationships ** 4Q24 includes a reversal of previous year zakat. *** Earnings before minority. **** Earnings attributable to shareholders. ^ Total operating income. ^^ Results are in USD. # 1Q25 is not comparable with the previous and corresponding quarter last year due to restatements/reclassifications. NM: Not meaningful. NA: Not available

NOMU companies: 1Q25 estimates

Company	CMP (SAR)	Mcap (SARmn)	YTD %	Revenues (SARmn)					Net profits (SARmn)					Annualized P/E	
				1Q25e	1Q24a	Y/Y	4Q24a	Q/Q	1Q25e	1Q24a	Y/Y	4Q24a	Q/Q	1Q25e	4Q24
Gas Arabian	15.56	2,458	-9.7%	275	213	29.1%	324	-15.1%	28	21	34.1%	33	-14.6%	21.8x	18.6x
AZM~	28.60	1,716	-18.3%	66	NA	NA	64	3.1%	8	NA	NA	8	2.6%	54.5x	55.9x

Source: Company data, GIB Capital. ~ 3QFY25 earnings before minority (March-ended)

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