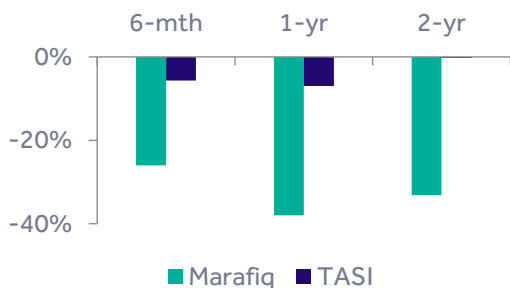


Market Data	
52-week high/low	SAR 67.90/40.60
Market Cap	SAR 10,525 mln
Shares Outstanding	250 mln
Free-float	47.50%
12-month ADTV	418,468
Bloomberg Code	MARAFIQ AB



■ Non-recurring Income Improves Margins

May 12, 2025

Upside to Target Price	14.0%	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 42.10
Expected Total Return	14.0%	12-mth target	SAR 48.00

MARAFIQ	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	1,704	1,599	6%	1,707	(0%)	1,695
Gross Profit	319	345	(8%)	330	(4%)	203
Gross Margins	19%	22%		19%		12%
Operating Profit	329	312	5%	(173)	-	164
Net Profit	118	68	73%	(71)	-	44

(All figures are in SAR mln)

- Marafiq revenues were recorded at SAR 1.71 bln, +6% Y/Y but flat Q/Q on the back of higher quantities sold across all sectors due to rising demand. almost matching our SAR 1.70 bln forecast. Gross profit was down -8% Y/Y and -4% Q/Q to SAR 319 mln we believe are due to rising fuel costs, which has elevated the cost of sales.
- At the same time, we are pleased to observe a gross margin of 19%, similar to the preceding quarter. Although down on a Y/Y basis, gross margins came in much better than our expectations. Operating profit has improved by +5% Y/Y to SAR 329mln and reverses an operating loss of SAR (173) mln in 4Q2024. Management has pointed towards Al Haer Independent Sewerage Treatment Plant (ISTP) success fees of about SAR 40 mln accrued in the quarter as well as reversal of provisions for impairment loss on trade receivables of SAR 15 mln. This likely helped operating profit. Free cash flow for the full year amounted to SAR 270 mln, down -19% Y/Y.
- The Company posted a bottomline of SAR 118mln, +73% Y/Y and reversing a loss of SAR (71) mln in the previous quarter. This beat our forecast of SAR 44mln, largely due to booking of the non-recurring income as stated above. Consequently, net margins also improved from 4.3% last year to 6.9% this year.
- We push down our target price to SAR 48.00 and continue with the Neutral recommendation.

Muhammad Faisal Potrik
muhammed.faisal@riyadcapital.com
 +966-11-203-6807

■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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