1Q Results Provide Fresh Impetus to Stock

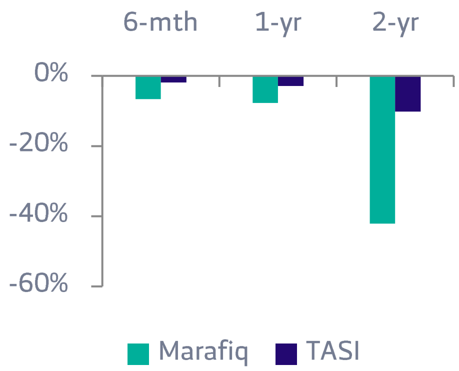
May 10, 2026

Upside to Target Price	29.9%	Rating	Buy
Expected Dividend Yield	4.6%	Last Price	SAR 38.48
Expected Total Return	34.5%	12-mth target	SAR 50.00

Market Data	
52-week high/low	SAR 45.3/28.4
Market Cap	SAR 9,620 mln
Shares Outstanding	250 mln
Free-float	30.0%
12-month ADTV	538,045
Bloomberg Code	MARAFIQ AB

MARAFIQ	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	1,815	1,704	7%	1,837	(1%)	1,800
Gross Profit	340	319	7%	285	19%	306
Gross Margins	19%	19%		16%		17%
Operating Profit	316	329	(4%)	252	26%	316
Net Profit	128	118	8%	51	149%	103

(All figures are in SAR mln)



- Marafiq started the first quarter of 2026 with a topline of SAR 1.8 bln (+7% Y/Y, -1% Q/Q), in-line with our forecast. Management has attributed the rise in revenues primarily to higher industrial water and gas tariffs. Management has also stated that they are in non-binding discussions with the Principal Buyer to sell its power generation output under a full fuel cost pass-through model. This is a positive development and the likely reason for the recent run up in the stock price.
- Gross profit was reported at SAR 340 mln, +7% Y/Y and +19% Q/Q on the back of higher revenues while gross margins were largely flat Y/Y. This is contrary to our expectations of a decline in gross margins for the quarter.
- Operating profit of SAR 316 mln, matched our SAR 316 mln forecast, down -4% Y/Y but up +26% Q/Q. Company faced higher fuel costs during the quarter on elevated oil prices but financial charges declined. This has been a sequential trend on the back of total debt declining from SAR 14.5 bln in 1Q2025 to SAR 13.1 bln in 1Q2026.
- Net profit came in at a stellar SAR 128 mln (+8% Y/Y, +149% Q/Q). We raise our target price to SAR 50.00 and maintain our Buy rating on the stock. After a period of underperformance, the stock price has performed well in 2Q2026 to date and surged by more than +12% in the last 3 trading sessions last week. While the dividend yield has moderated to 4.6% since our last note on February 26, we believe this is still enticing for fresh investors.

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Disclaimer

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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