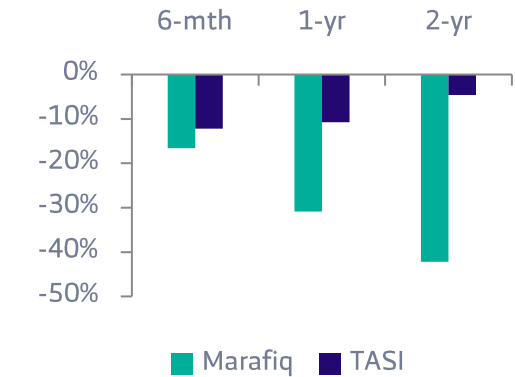


Market Data	
52-week high/low	SAR 63.0/38.8
Market Cap	SAR 10,200 mln
Shares Outstanding	250 mln
Free-float	30.0%
12-month ADTV	384,417
Bloomberg Code	MARAFIQ AB



■ One-off Charges Dent Revenues

August 21, 2025

Upside to Target Price	10.3%	Rating			Neutral	
Expected Dividend Yield	0.0%	Last Price			SAR 40.80	
Expected Total Return	10.3%	12-mth target			SAR 45.00	
MARAFIQ	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	1,403	1,720	(18%)	1,704	(18%)	1,840
Gross Profit	(152)	389	-	319	-	350
Gross Margins	(10%)	23%		19%		19%
Operating Profit	310	341	(9%)	329	(6%)	319
Net Profit	110	93	18%	118	(7%)	88

(All figures are in SAR mln)

- Marafiq recorded an adjustment related to High Intensity Electricity Consumption Tariff (HIECT) in its topline denting revenues by -18% Y/Y to SAR 1.4 bln. However, on operational basis, there was a rise in water and gas revenues and an increase in revenue from Tawreed. Revenue from power segment was adjusted down by SAR 476 mln due to the adjustment. At the same time, there was a one-off reversal of impairment provision of SAR 496 mln, which positively impacted the income statement.
- On the back of a rise in fuel costs by +34%, coupled with a decline of revenues (due to the non-recurring adjustment), the Company posted a gross loss of SAR (152) mln versus a gross profit of SAR 389 mln last year. Excluding the one-off SAR 476 mln hit on revenues, we believe gross profit would have been close to SAR 320 mln, in-line with previous quarters and our expectations.
- Operating profit declined by -9% Y/Y to SAR 310 mln, close to our SAR 319 mln forecast. For 2Q, the operating profit better reflects recurring profitability. Net profit witnessed a +18% increase to SAR 110 mln, beating our SAR 88 mln forecast., Management highlighted lower Zakat provisions, higher other operating income and a rise in finance income as factors that helped bottomline growth. Free cash flow amounted to SAR 509 mln, down -30% Y/Y.
- We adjust our estimates going forward and reduce our target price to SAR 45.00. The stock continues to be out of favor with investors. The stock price is down -26% YTD, underperforming the already under pressure TASI.

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■ 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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