

■ Bottomline Down Y/Y but Beats Expectations

November 05, 2025

Upside to Target Price 7.0%
Expected Dividend Yield 0.0%
Expected Total Return 7.0%

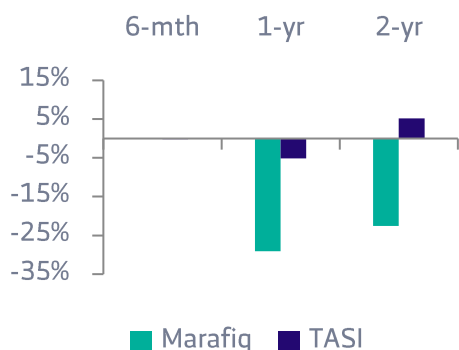
Rating Neutral
Last Price SAR 42.06
12-mth target SAR 45.00

Market Data	
52-week high/low	SAR 60.2/36.5
Market Cap	SAR 10,515 mln
Shares Outstanding	250 mln
Free-float	30.0%
12-month ADTV	411,065
Bloomberg Code	MARAFIQ AB

MARAFIQ	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	2,002	1,857	8%	1,403	43%	1,968
Gross Profit	366	459	(20%)	(152)	-	354
Gross Margins	18%	25%		(10%)		18%
Operating Profit	363	467	(22%)	310	17%	334
Net Profit	171	226	(24%)	110	56%	132

(All figures are in SAR mln)

- Marafiq reported a +8% rise in revenues to just over SAR 2 bln, in-line with our SAR 1.97 bln forecast, driven by higher volumes as demand increased. Quarterly comparison is not valid as Marafiq recorded an adjustment related to High Intensity Electricity Consumption Tariff (HIECT) denting topline last quarter. Management has reported that the Company exported 131,794 MWH of surplus power to the Principal Buyer resulting in SAR 69 mln in additional revenues.
- Gross profit witnessed a decline of -20% Y/Y to SAR 366 mln on the back of +33% higher fuel costs, and an increase in power and water purchases by +17%. As expected, gross margins also contracted from 25% last year to 18% this year.
- Operating profit is down -22% Y/Y to SAR 363 mln but better than our expectations as operating expenses were in check. There was a reversal of provision for impairment loss amounting to SAR 20 mln last quarter, which was absent this quarter. Net profit fell by -24% Y/Y to SAR 171 mln, although we were expecting an even steeper fall. We note FCF surging by +58% Y/Y to SAR 649 mln.
- Marafiq last month announced an increase in water tariff for industries by +9.56%, which will be implemented by December 7, 2025. This is likely to have a marginal impact on 4Q financials. The stock price has improved by about 3% since our last update in August but is still down -23% YTD. We have a Neutral rating with a SAR 45.00 target price.



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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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