Profits Beat Expectations

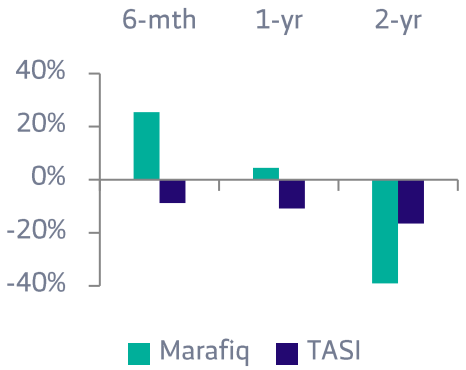
November 05, 2026

Upside to Target Price	16.3%	Rating	Buy
Expected Dividend Yield	4.2%	Last Price	SAR 43.00
Expected Total Return	20.5%	12-mth target	SAR 50.00

Market Data	
52-week high/low	SAR 46.2/28.4
Market Cap	SAR 10,750 mln
Shares Outstanding	250 mln
Free-float	30.0%
12-month ADTV	591,224
Bloomberg Code	MARAFIQ AB

MARAFIQ	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	1,957	2,002	(2%)	1,714	14%	1,919
Gross Profit	342	366	(7%)	202	70%	232
Gross Margins	17%	18%		19%		12%
Operating Profit	331	363	(9%)	141	135%	219
Net Profit	154	171	(10%)	(46)	-	30

(All figures are in SAR mln)



- Marafiq reported strong results for the quarter, coming back from a loss in 2Q. Revenues marginally declined -2% Y/Y to SAR 1.96 bln, but were up +14% Q/Q and in-line with our SAR 1.92 bln forecast. Management has blamed lower revenues from its power segment and Tawreed for the Y/Y decline in topline, although this was partially offset by greater revenues from the water segment.
- Gross profit came in at SAR 342 mln, down -7% Y/Y as gross margins contracted about 80bbps although we were expecting a much greater contraction on elevated fuel costs. Cost of revenues fell -1.3% Y/Y as power purchase costs declined coupled with lower cost of revenues from Tawreed. However, management did confirm higher fuel costs of about 26%.
- Following the announcement of an increase in energy and water service tariffs from January 1, 2027, Marafiq has stated that it expects revenues to improve by 4% of the 2025 level (SAR 278 mln) in 2027 and the impact will be felt from the first quarter of 2027. No bottom-line impact has been announced so far.
- Net profit of SAR 154 mln reversed a loss from the previous quarter and was -10% lower Y/Y on the back of higher fuel costs and -44% lower income from associates while -11% lower finance charges helped partially offset greater costs. The stock price rallied post energy price announcement by about 9%. We continue our Buy rating.

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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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