

Market Data	
52-week high/low	SAR 78.4/51.1
Market Cap	SAR 15,450 mln
Shares Outstanding	250 mln
Free-float	30.00%
12-month ADTV	2,009,420
Bloomberg Code	MARAFIQ AB

Rising Cost Pressure Persists

August 04, 2024

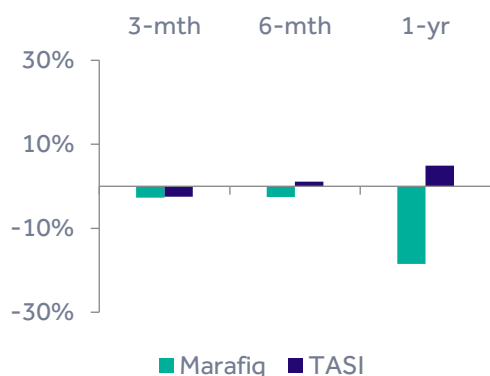
Upside to Target Price	5.2%	Rating	Neutral
Expected Dividend Yield	2.4%	Last Price	SAR 61.80
Expected Total Return	7.6%	12-mth target	SAR 65.00

MARAFIQ	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Sales	1,720	1,592	8%	1,599	8%	1,624
Gross Profit	238	305	(22%)	199	19%	226
Gross Margins	14%	19%		12%		14%
Operating Profit	192	285	(33%)	164	17%	213
Net Profit	65	159	(59%)	43	53%	91

(All figures are in SAR mln)

- Marafiq posted a -59% Y/Y lower bottomline as rising costs continue to hurt. 2Q2024 revenues increased a decent +8% Y/Y to SAR 1.72 bln, largely in line with our SAR 1.62 bln forecast, on the back of higher quantities sold for all sectors as the advent of summer months increased demand.
- Despite higher revenues, gross profit declined by -22% Y/Y to SAR 238 mln as COGS surged to SAR 1.48 bln due to rising fuel costs used in production. According to management, the impact of change in fuel prices during 2Q was SAR 148 mln, a rise of 47%.
- Gross margins were in line with our estimate at 14%, lower than last year but 140 bps higher Q/Q.
- Free cash flows improved Y/Y to SAR 507 mln due to favorable movement in working capital and lower capex.
- Net profit came in at SAR 65 mln (-59% Y/Y, +53% Q/Q), lower than our SAR 91 mln forecast and SAR 98 mln market consensus due to continued cost pressures. Including the Company in the balancing account mechanism to cover the deficit (between required and actual revenues) is still pending. We reduce our target price from SAR 68.00 to SAR 65.00 but maintain our Neutral stance.

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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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