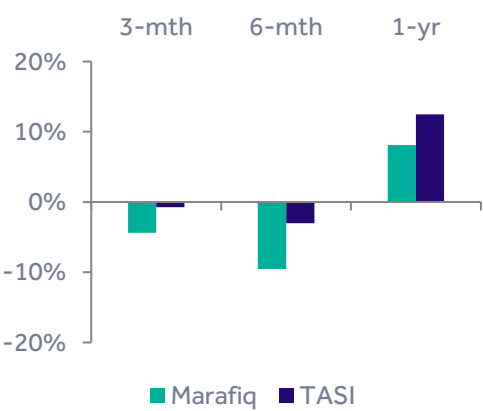


Market Data	
52-week high/low	SAR 78.4/53.0
Market Cap	SAR 14,700 mln
Shares Outstanding	250 mln
Free-float	30.00%
12-month ADTV	691,396
Bloomberg Code	MARAFIQ AB



Revenues Surge in 3Q

October 31, 2024

Upside to Target Price	10.5%	Rating	Neutral
Expected Dividend Yield	2.6%	Last Price	SAR 58.80
Expected Total Return	13.1%	12-mth target	SAR 65.00

MARAFIQ	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	1,857	1,701	9%	1,720	8%	1,837
Gross Profit	304	326	(7%)	238	28%	254
Gross Margins	16%	19%		14%		14%
Operating Profit	312	301	4%	192	63%	206
Net Profit	186	188	(1%)	65	185%	78

(All figures are in SAR mln)

- Marafiq posted record quarterly revenues since listing at SAR 1.86 bln (+9% Y/Y, +8% Q/Q), matching our forecast, on the back of higher quantities sold across all sectors on higher demand. The Company also supplied power to the Principal Buyer (Saudi Power Procurement Company) in the quarter.
- Gross profit witnessed a decline of -7% Y/Y to SAR 304 mln, despite higher revenues, as cost of revenues inclined by +13% Y/Y to SAR 1.55 bln mainly due to rising cost of fuel used in production.
- However, on a quarterly basis, Marafiq did record +28% higher gross profit as gross margins improved from 14% in 2Q2024 to 16% in 3Q2024. We had estimated gross margins for 3Q close to 2Q on expectations of even higher costs.
- Free cash flows declined by -39% Y/Y to SAR 195 mln due to lower cash flows from operating activities. We also note that operating profit is higher than gross profit, possibly indicating a surge in other operating income.
- We are happy to observe a quarterly net profit of SAR 186 mln, almost flat Y/Y but +185% higher Q/Q. Bottomline beat our forecast of SAR 78 mln and market consensus of SAR 82 mln. Management has again reiterated its dialogue with the relevant authorities for the balancing account mechanism. We maintain our target price and 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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