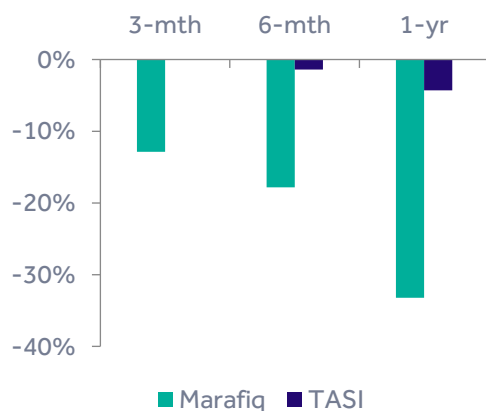


Market Data	
52-week high/low	SAR 78.4/43.8
Market Cap	SAR 12,350 mln
Shares Outstanding	250 mln
Free-float	30.00%
12-month ADTV	443,158
Bloomberg Code	MARAFIQ AB



## Fuel Costs, Provisions Push Bottomline in Red

March 05, 2025

Upside to Target Price	11.3%	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 49.40
Expected Total Return	11.3%	12-mth target	SAR 55.00

MARAFIQ	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	1,707	1,617	6%	1,857	(8%)	1,750
Gross Profit	781	826	(5%)	304	157%	192
Gross Margins	46%	51%		16%		11%
Operating Profit	281	776	(64%)	312	(10%)	157
Net Profit	(277)	133	-	185	-	36

(All figures are in SAR mln)

- Marafiq recorded revenues at SAR 1.71 bln (+6% Y/Y, -8% Q/Q), close to our SAR 1.75 bln forecast. Full year revenues improved by +8% to SAR 6.9 bln as quantities sold have risen. Full year cost of revenue is up +15% Y/Y due to higher fuel costs. Gross profit was down -5% Y/Y to SAR 781 mln for the quarter as cost of revenue has surged. 2023 financials have been restated. Marafiq has deconsolidated its proportionate share and will now account for its investment in JWAP as a JV using the equity method. No dividend has been declared for 2H2024.
- Gross margins have contracted by 5% Y/Y for 4Q on higher fuel costs. Operating profit plunged by -64% Y/Y and -10% Q/Q to SAR 281 mln. Free cash flow for the full year amounted to SAR 2.4 bln, +13% higher Y/Y on better operating cash flows.
- As per management, Marafiq has recorded a provision for expected credit loss for trade receivables of around SAR 500 million as 2 years have passed since receivables were recorded. The Company has not received the difference in electricity revenues (due to the application of High Intensity Electricity Consumption Tariff) from customers in industrial, commercial and agriculture sectors as the mechanism has not been approved yet.
- On account of the provisions, 4Q bottomline turned into a net loss of SAR (277) million. Management has reiterated that it is in talks with the regulatory authorities to resolve the above issues. We decrease our target price to SAR 55.00 but maintain a Neutral 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](mailto:research@riyadcapital.com)

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