

Daily Bulletin

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MARAFIQ reports FY25 profit of SAR 449 mn, well ahead of consensus estimates

Last Price: SAR 28.8 | Consensus Target Price: SAR 60.0 | YoY Performance: -40.6%

Marafiq announced a strong set of results, posting a net profit of SAR 449 mn in 2025 compared to SAR 17 mn in 2024, reflecting a 26.2x YoY increase and significantly exceeding consensus. The surge in earnings was primarily driven by the reversal of an impairment provision of SAR 496.2 mn related to receivables from customers eligible for High Intensity Electricity Consumption Tariff (HIECT). Revenue growth also supported the results, led by Tawreed (+13.6% YoY, SAR 350.5 mn) and the water and gas segment (+4.1% YoY, SAR 107.7 mn). Moreover, the quantity sold in the power segment increased by 10.5%, contributing SAR 58.3 mn. However, the revenue increase was partially offset by a HIECT adjustment of SAR 475.5 mn. Additionally, finance costs declined by 9.7% (SAR 101.5 mn), while other operating income increased by 18.9% (SAR 42.0 mn).

We highlight that the major reason for increase in results is related to HIECT adjustments announced on 27-April 2025, where the company received a notification from the Saudi Electricity Regulatory Authority (SERA) regarding amendments to the electricity consumption tariff for establishments in the Industrial, Commercial, and Agricultural sectors that were not eligible for HIECT, resulting in an increase of 2 halala/KWh effective from 28-May 2025. Following this amendment, the company applied HIECT adjustments, including a non-recurring reduction in power segment revenue of SAR 475.5 mn for prior periods (01-Jan 2023 – 31-Dec 2024) due to issuance of credit notes to qualified customers, and a reversal of the prior year’s provision for expected credit losses of SAR 496.2 mn (inclusive of VAT) for HIECT-eligible customers.

Marafiq reported revenue of SAR 6,946 mn in 2025 (+0.9% YoY), compared to SAR 6,883 mn in 2024. The results came in line with the consensus estimate of SAR 7,099 mn (-2.2%). Gross profit declined sharply to SAR 817 mn (-46.3% YoY), compared to SAR 1,523 mn in 2024, primarily due to increases in fuel costs used in production processes by 27.3% (SAR 515.7 mn), power and water purchases by 17.3% (SAR 151.0 mn), and power transmission charges by 48.9% (SAR 18.8 mn). Similarly, gross margin contracted to 11.8% from 22.1% in 2024, broadly in line with consensus expectations. Operating profit improved to SAR 1,254 mn (+32.3% YoY), compared to SAR 948 mn a year earlier. While operating margin expanded to 18.1% from 13.8%.

MARAFIQ’s stock price has significantly dropped 40.6% YoY, underperforming TASI, which declined 11.5% during the same period. The stock is currently trading at a 2026e P/E of 13.5x, with a consensus target price of SAR 60.0/share, implying an upside of 108.3% from its last close. Along with the results company announces a cash dividend of SAR 1.8/share for 2H25, this implies a dividend yield of 6.3%

Relative price chart



Source: Tadawul, anbc research

Key financials (SAR mn)

	2025	2024	YoY (%)	Consensus	Var. (%)
Revenue	6,946	6,883	0.9	7,099	-2.2
COGS	6,128	5,361	14.3	6,263	-2.2
Gross profit	817	1,523	-46.3	836	-2.2
Gross margin (%)	11.8	22.1		11.8	
Operating exp.	437	-575	N/M	373	-0.7
Operating profit	1,254	948	32.3	1,209	-2.3
Opt. margin (%)	18.1	13.8		17.0	
Net income	449	17	2520.6	82	448.8
Net margin (%)	6.5	0.2		1.2	
EPS	1.8	0.1		0.3	

Source: Company financials, Bloomberg, anbc research

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