

Daily Bulletin

July 24, 2025

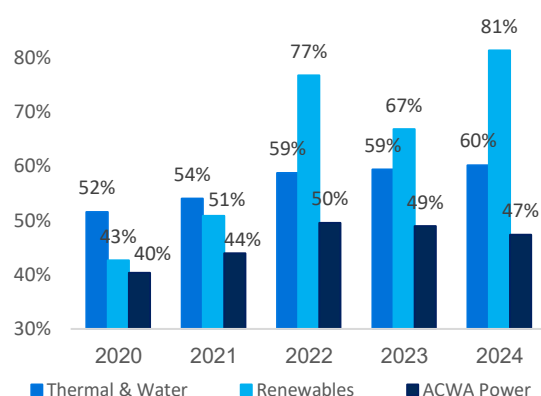
- > ACWA Power starts partial commercial ops at Saad 2 PV project
- > Marketing Home Group issues prospectus to list 4.8 mn shares on TASI

ACWA Power starts partial commercial ops at Saad 2 PV project

ACWA Power Co. announced via Tadawul that, as of July 22, it received the first commercial operation certificate for 759.3 MW of the 1,125 MW Saad 2 photovoltaic (PV) solar power plant located in Riyadh. Holding a 50.1% ownership stake, the company expects the project's financial impact to begin reflecting in the second half of 2025.

Saad 2 is one of three large scale PV Solar projects awarded to ACWA Power in May 2023 under a 35-year Power Purchase Agreement valued at SAR 12.2 billion. The other two projects—Ar Rass 2 and Alkahfah—have planned generation capacities of 2,000 MW and 1,425 MW, respectively.

Segment-wise operating margins



Source: Company financials, anbc research

Relative Performance Graph



Source: Tadawul, anbc research

Renewables segment has exhibited better margin profile than ACWA's thermal and water segment since 2022. Consequently, it is notable that company's overall margin can see expansion as the operational mix gets further concentrated towards solar. Saad 2 project will also be pivotal to ACWA's recently signed MoUs and agreements with European firms to export renewable energy and green hydrogen.

ACWA's share price has declined by 42.5% year-to-date, significantly underperforming the broader market, with the TASI down 9.9% over the same period. The stock is currently trading at a trailing twelve-month price-to-earnings (P/E) ratio of 88.9x.

Consensus Target Price

Firm	Target Price	Upside/(Downside) (%)
EFG-Hermes Brokerage	109.13	-52.3
JP Morgan	300.00	31.0
Morgan Stanley	225.19	-1.6
Arqaam Capital Limited	119.05	-48.0
Bernstein	183.53	-19.8

Source: Bloomberg, anbc research

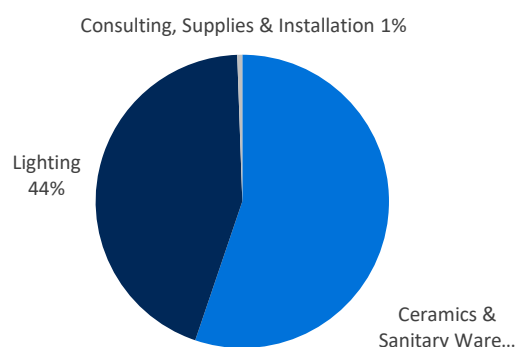
Marketing Home Group issues prospectus to list 4.8 mn shares on TASI

Marketing Home Group (MHG) has announced the offering of 4.8 mn shares, representing its 160 mn share capital (30%) on TASI. The book-building process will run from 3rd August 2025 to 7th August 2025. The retail investors will be able to subscribe to the IPO on 19th and 20th August 2025.

The offering consists of two tranches. Tranche (A) includes institutional investors and is allocated 7.5 mn shares (100%), subject to a possible reduction to 3.84 mn shares (80%) at the discretion of the lead manager. Tranche (B) is for eligible retail investors and can receive up to 960,000 shares (20%).

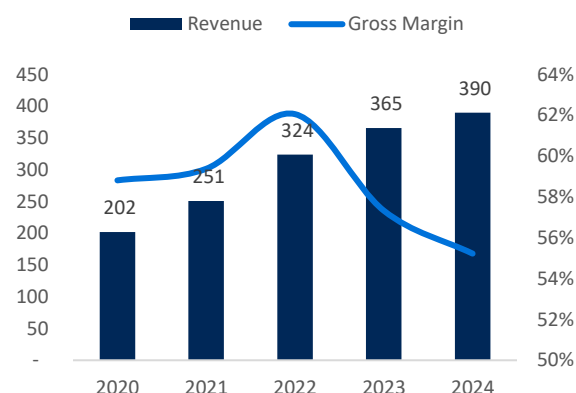
Marketing Home Group is engaged in the business of construction materials. Company's main segments include: 1) Ceramics & Sanitary Ware, 2) Lighting Products, and 3) Consulting, Supplies & Installations.

MHG segmental revenue – 1Q25



Source: Company financials, anbc research

Revenue (SAR Mn) and Gross Margin (%)



Source: Company financials, anbc research

The company is headquartered in Riyadh, Central Region, and operates 40 showrooms in total, with 35 in the Kingdom, 3 in the UAE, and each in Spain and China. MHG also entered the cooling and air-conditioning industry in 2022 through the brand 'Ice Bear'.

MHG holds a 3.8% share in the Kingdom's fragmented tile industry, ranking 5th, and operates through its brand 'Ceramic Home'. The company's 'Lighting Store' brand is the market leader in its addressable market, holding 3.9% share. MHG's 'Hatch Sanitary' label was launched in 2021 and has progressed well, now ranking 2nd with a 5.3% share in the industry.

MHG's revenue has grown by a CAGR of 9.8% between 2022-2024. Gross margins decreased by 683 bps in the same period from 62.1% in 2022 to 55.2% in 2024. Company's major segments, i.e., Lighting (45.9% of topline) and Ceramic (59.0% of topline), saw a decline in profitability, with gross margins declining by 32.7% and 23.0% between 2020-2024. The increase in cost of revenue is partially attributed to the inclusion of inventory provisions since 2023.

MHG competes directly with Saudi Ceramics Co. (SCERCO) in ceramics and sanitary ware segment. Saudi Ceramics is the market leader in the Kingdom's tiles industry, holding 15.1% of the market. Notably, SCERCO posted a loss of SAR 79.3 mn in 2024, while MHG recorded a profit of SAR 56.9 mn during the year.

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