INITIATION OF COVERAGE

Saudi Utilities Sector

17 November 2026

PPP-led water infrastructure build-out drives a multi-year capex cycle

Saudi Arabia's water sector is entering a strong investment cycle, driven by rising water demand, expanding desalination capacity, and a robust public-private partnership (PPP) pipeline. Between 2025 and 2030f, the Kingdom plans significant investments across desalination, transmission, wastewater, and distribution infrastructure, supported by population growth, high per capita water consumption, and efforts to reduce non-revenue water. The GCC water infrastructure market is projected to expand from approximately SAR 30bn in 2026f to SAR 69bn by 2030f, while Saudi Arabia is expected to account for approximately SAR 279bn in planned EPC projects over 2025–30, according to Kearney. Against this backdrop, we initiate coverage on Power and Water Utility Company for Jubail and Yanbu (MARAFIQ), and Alkhorayef Water and Power Technologies Co. (AWPT), with 'Overweight' ratings and on Miahona Co. (MIAHONA) with a 'Neutral' rating.

SECTOR COVERAGE

	Bloomberg Code	Last Price (SAR)	Rating	TP (SAR)
MARAFIQ	MARAFIQ AB	45.0	Overweight	55.9
AWPT	AWPT AB	81.7	Overweight	96.6
MIAHONA	MIAHONA AB	8.9	Neutral	10.3

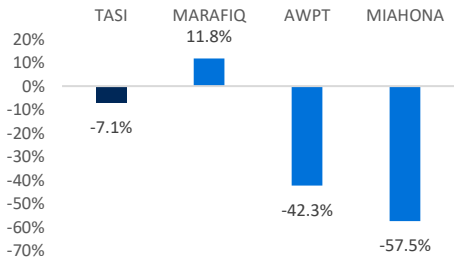
Last price as of November 16th, 2026

VALUATIONS (2027f)

	PBV (x)	PER (x)	ROE (%)	Div. Yield (%)
MARAFIQ	1.8	8.4	22.6	8.3
AWPT	2.1	8.9	25.9	2.8
MIAHONA	2.8	22.1	13.0	2.3

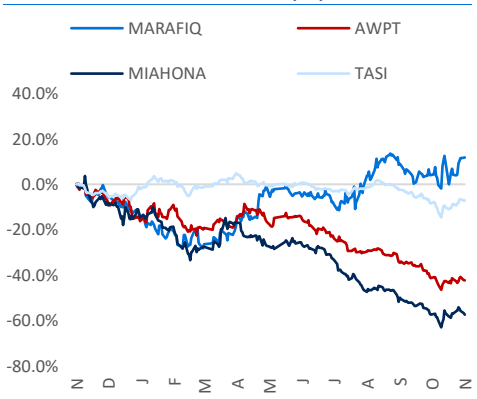
Source: Company financials, anbc research

RELATIVE PERFORMANCE (1Y)



Source: Bloomberg, anbc research
**Last price as of November 16th, 2026*

RELATIVE PRICE PERFORMANCE (1Y)



Source: Bloomberg, anbc research

Structural demand boosts long-term water infrastructure investment. Saudi Arabia's population is projected to increase from 35.3 mn in 2024 to 39.3 mn by 2030, supporting annual water demand growth of 3-4%. Per-capita water consumption stood at 284 liters per day in 2025 (Saudi Water Authority), well above the global average of ~180 liters per day. Despite potable water network coverage reaching 85.9% as of March 2026, non-revenue water (NRW) stood at 35% as of February 2026 (NWC), well above the 5-15% observed in leading global water utilities, supporting continued investment in network rehabilitation, smart metering, and distribution infrastructure.

Desalination remains one of the Kingdom's largest investment opportunities. KSA operates the world's largest desalination industry, accounting for ~15% of global desalinated water supply, with total desalination capacity of 11.4 mn m^3/day in 2025 (MEWA). Competitive PPP procurement and RO technology have cut desalinated water tariffs to as low as SAR 1.55/m^3 (Sharakat). Looking ahead, Sharakat's PPP pipeline targets 8.1 mn m^3/day of desalination capacity up to 2030, supporting continued expansion.

Robust PPP pipeline provides multi-year revenue visibility. According to Sharakat (formerly, Saudi Water Partnership Company, SWPC), Saudi Arabia's water PPP portfolio comprises 51 projects, including 15 operational, 6 under construction, 11 under tendering, and 19 under planning, representing approximately SAR 57 bn of private sector investment. The pipeline also targets 7.05 mn m^3/day of strategic reservoir capacity, 2,847 km of transmission lines and 2.60 mn m^3/day of wastewater treatment capacity by 2030, supporting sustained opportunities across the water infrastructure value chain.

Attractive entry point amid structural growth. We view the recent correction in the utilities sector as an attractive entry point. Structurally, we see robust earnings growth ahead, underpinned by a widening gap between rising water demand and constrained supply, ongoing desalination capacity expansion, and a healthy PPP project pipeline. We forecast a 22.6% aggregate earnings CAGR for our coverage universe over 2025–30f, driven mainly by Marafiq's earnings recovery (28.5% CAGR), with AWPT at 13.3% and Miahona at 2.2%. We initiate coverage on the sector with an Overweight stance on Marafiq (Dec-27 TP: SAR 55.9/share, 24.3% upside), and AWPT (Dec-27 TP: SAR 96.6/share, 18.4% upside), and a Neutral stance on Miahona (Dec-27 TP: SAR 10.3/share, 14.9% upside).

Key risks: KSA's utilities sector faces risks from regional geopolitical events, macroeconomic uncertainty, supply chain constraints, regulatory shifts, and delays in project implementation.

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Executive Summary

- **Structural water scarcity supports long-term infrastructure investment.** Saudi Arabia remains one of the world's most water-stressed countries, making water infrastructure a national strategic priority under Vision 2030. Limited renewable freshwater resources, combined with population growth, urbanization, industrial diversification, and tourism expansion, are expected to drive annual water demand growth of ~3–4%. To strengthen long-term water security, the Kingdom continues to invest across desalination, water transmission, distribution networks, wastewater treatment, and water reuse infrastructure, creating a multi-year investment pipeline supported by greater private sector participation.
- **World's largest desalination market.** Saudi Arabia operates the world's largest desalination industry, accounting for ~15% of global desalinated water supply, with total desalination capacity of 11.4 mn m³/day in 2025 (MEWA) and targeting approximately 15.7 mn m³/day by 2030f, with desalinated water already meeting ~80% of urban water supply. The sector continues to transition from thermal desalination toward reverse osmosis (RO), reducing energy consumption by ~50% and lowering production costs to below USD 0.50/m³ at the most efficient plants. Supported by competitive PPP procurement, Sharakat's (Saudi Water Partnership Company, formerly SWPC) pipeline includes 51 water PPP projects across desalination, transmission and wastewater treatment, including 8.1 mn m³/day of desalination capacity planned up to 2030, representing approximately SAR 57 bn of private sector investment. The pipeline comprises both capacity expansion and the replacement of aging desalination assets, supporting the Kingdom's long-term water security and efficiency objectives.
- **Large-scale water transmission expansion.** Saudi Arabia continues to expand one of the world's largest water transmission networks to transport desalinated water from coastal production hubs to inland demand centers. WTCO (Water Transmission and Technologies Company) operates an 18,500 km pipeline network with 13 mn m³/day of capacity and plans to raise transmission capacity by 50% and strategic storage by 350% by 2030, backed by a future project portfolio of ~SAR 125 bn (USD 33.3 bn). In parallel, Sharakat plans 2,847 km of PPP transmission lines and 7.05 mn m³/day of strategic reservoir capacity up to 2030. Large-scale PPP projects connecting major desalination facilities with Riyadh, Makkah, Jeddah, Madinah, Qassim, and other key cities provide strong long-term opportunities across pipeline construction, pumping stations, and associated infrastructure.
- **Wastewater reuse is becoming a major growth segment.** Wastewater treatment and reuse are becoming increasingly important as Saudi Arabia seeks to diversify water resources and improve system efficiency. As of March 2026, wastewater network coverage stood at 68.1% (NWC), while only ~26% of treated wastewater is reused, highlighting significant room for expansion. Sharakat targets 2.60 mn m³/day of additional wastewater treatment capacity through PPP projects by 2030f, while NWC targets 70% wastewater coverage and 100% tertiary treatment of collected wastewater by 2030f, creating substantial investment opportunities across treatment facilities, reuse infrastructure, and advanced treatment technologies.
- **Improving water network efficiency.** Saudi Arabia continues to modernize its water infrastructure to improve operational efficiency and reduce system losses. The Kingdom operates more than 18,500 km of transmission pipelines and approximately 1,000 dams, while potable water network coverage reached 85.9% as of March 2026 (NWC). However, non-revenue water (NRW) stood at 35% as of February 2026, well above global best practice of 5–15% and NWC's 2030 target of 27%, supporting continued investment in smart metering, digital monitoring, leakage detection systems, and network rehabilitation.

- **GCC water infrastructure presents a sizeable EPC opportunity.** The GCC water infrastructure market is expected to expand from approximately SAR 30 bn in 2026f to SAR 69 bn by 2030f, driven by sustained investment across desalination, transmission, wastewater treatment, and distribution infrastructure. Saudi Arabia remains the largest growth engine, with a pipeline of planned EPC projects of approximately SAR 279 bn over 2025–30, ahead of the UAE at SAR 229 bn. Municipal water infrastructure is expected to remain the largest investment segment, providing strong long-term visibility for engineering, procurement, and construction companies across the region.
- **Vision 2030 driving structural demand growth.** Vision 2030 and the National Transformation Program continue to accelerate investment across Saudi Arabia's water value chain through infrastructure expansion, wastewater reuse, resource conservation, and increased private sector participation. We expect a structural and multi-year investment opportunity in Saudi Arabia's water infrastructure sector, supported by population growth, industrial diversification and large-scale giga projects. With the population expected to increase from around 35 mn in 2024 to 39 mn by 2030f and tourism targeted at 150 mn visitors annually, demand for desalination, water transmission, wastewater treatment and water reuse is likely to remain strong.
- **PPP model accelerating private sector participation.** Saudi Arabia continues to expand private sector participation through Sharakat's PPP procurement framework across desalination, water transmission, and wastewater treatment projects. Sharakat's portfolio comprises 51 water PPP projects across desalination, transmission and wastewater treatment, of which 15 are operational, 6 under construction, 11 under tendering and 19 under planning. The sizeable pipeline provides greater visibility on future projects and supports continued investment across the water infrastructure value chain.
- **Risks & why they are manageable.** Although the sector remains exposed to tariff regulation and threat of tariff resets, construction delays, technology evolution, and environmental compliance requirements, these risks are mitigated by long-term government-backed offtake agreements, the strategic importance of water security, and continued policy support under Vision 2030.
- **The Power and Water Utility Company for Jubail and Yanbu (Overweight, Dec-27 TP: SAR 55.9, 24.3% upside).** Marafiq is the exclusive provider of integrated utility services across the Royal Commission's industrial cities, supported by long-term concession agreements that provide greater earnings visibility. We forecast a 2025-30f revenue CAGR of 7.0%, supported by rising industrial activity, increasing utility demand, tariff revisions, and contributions from new PPP projects. Gross margin recovers from a depressed 12.3% in 2025, hit by a one-time SAR 476 mn power revenue reversal, to 16.4% in 2026e and 21.5% by 2030f, driving a 2025–30f earnings CAGR of 28.5%. The stock trades at a 2027f P/E of 8.4x and offers a 2027f dividend yield of 8.3%.
- **AWPT (Overweight, Dec-27 TP: SAR 96.6, 18.4% upside).** AWPT is Saudi Arabia's dominant water and wastewater O&M operator with approximately 50% market share, positioning the company to capture a large share of NWC's SAR 279.8 bn (USD 74.6 bn) five-year capital program. We forecast a 2025–30f revenue CAGR of 5.5%, reinforced by a backlog of SAR 10.2 bn at end-2025, up from SAR 3.6 bn in 2022, which provides strong near-to medium-term revenue visibility. Gross margins troughed at 15.7% in 2023 during an intensive LTOM onboarding phase and are expected to recover to 21.8% by 2030f as the revenue mix normalizes in favor of higher-margin O&M and concession revenues, within management's 20–22% target range. With a 30% ROE reported in 2025, improving cash generation, and a pipeline of long-term privatization contracts with limited competition, AWPT offers a combination of earnings visibility and re-rating potential.
- **Miahona (Neutral, Dec-27 TP: SAR 10.3, 14.9% upside**). Our Neutral rating is primarily valuation-driven: our TP implies only 14.9% upside, the stock trades at a 2027f PER of 22.1x (vs. 8.4x for Marafiq and 8.9x for AWPT), and we forecast a modest 2.2% net income CAGR over 2025–30f as construction revenue rolls off.

Miahona's business is driven by long-term BOOT/ROT concessions (10–30-year tenors) and O&M/MOM contracts with government and quasi-government off-takers, with inflation-indexed tariffs and minimal volume risk across most of the portfolio, and approximately 90% of 2027 revenue derived from concession and O&M contracts. The next leg of EBITDA growth comes from the commissioning of Ras Tanura (90.8% complete, as of 2Q26) and Al Haer ISTP (83.0% complete as of 2Q26), which convert from low-margin construction revenue into concession and finance income streams. A secured backlog of over SAR 12 bn as of year-end 2025 and the company's position in 2 of 6 regional MOM clusters slated for conversion into long-term concessions from 2026 support medium-term earnings growth, even as reported revenue normalizes lower once construction-linked revenue rolls off. Optionality comes from the agreed acquisition of Sha's Water Services in Riyadh and an expanding presence in Uzbekistan.

Valuation Table

	Rating	Last Price* (SAR)	Target Price (SAR)	PBV (x)			PER (x)			Dividend Yield (%)			RoAE (%)			Growth % (2025-30f)		
				2025A	2026E	2027F	2025A	2026E	2027F	2025A	2026E	2027F	2025A	2026E	2027F	Revenue	Earnings	Equity
MARAFIQ	Overweight	45.0	55.9	1.6	2.0	1.8	18.9	26.2	8.4	4.9	3.1	8.3	9.0	7.6	22.6	7.0	28.5	6.1
AWPT	Overweight	81.7	96.6	5.1	2.5	2.1	18.4	10.3	8.9	1.3	2.4	2.8	30.2	27.2	25.9	5.5	13.3	20.7
MIAHONA	Neutral	8.9	10.3	6.0	2.9	2.8	39.8	113.9	22.1	1.0	0.3	2.3	16.4	2.6	13.0	-5.6	2.2	5.9

Source: Company financials, anbc research

* Last price as of November 16th, 2026

Water Sector Overview

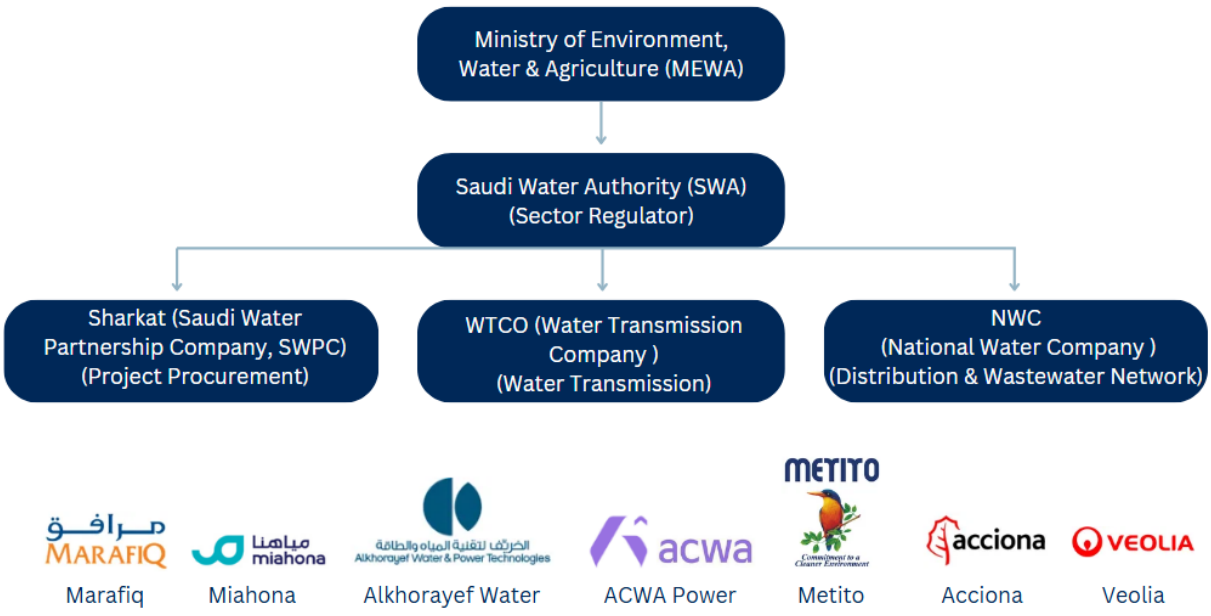
Industry Overview

The water sector is a critical component of Saudi Arabia's infrastructure landscape, underpinned by structural water scarcity, rapid urbanization, population growth, and rising industrial demand. With limited renewable freshwater resources, the Kingdom relies heavily on desalination to meet domestic water requirements, supported by extensive transmission, distribution, wastewater treatment, and strategic storage infrastructure. Under Vision 2030, the sector is undergoing a structural transformation focused on improving operational efficiency, enhancing water security, increasing private sector participation, and promoting sustainable water resource management through public-private partnership (PPP) models.

Regulatory Framework

Saudi Arabia has comprehensively restructured its water sector under Vision 2030 by clearly separating regulatory, procurement, ownership, and operational responsibilities. The Saudi Water Authority (SWA) serves as the sector regulator, overseeing desalination strategy, technical standards, research and development, and long-term water resource planning. The National Water Company (NWC) is responsible for municipal water distribution and wastewater collection services, while the Sharakat (formerly, Saudi Water Partnership Company) acts as the government's sole procurement and offtake agency for Independent Water Projects (IWPs) and Independent Water and Power Projects (IWPPs). The Water Transmission and Technologies Company (WTCO) owns and operates the Kingdom's bulk water transmission network.

Chart 1: Regulatory Framework



Source: Anbc research

According to the Ministry of Environment Water & Agriculture (MEWA), Saudi Arabia's National Water Strategy is closely aligned with Vision 2030 and prioritizes expanding desalination capacity, increasing wastewater treatment and reuse, reducing non-revenue water, improving operational efficiency, and strengthening transmission and storage infrastructure. The implementation of Integrated Water Resources Management (IWRM) initiatives has improved the Kingdom's IWRM Index from 57% to 83% between 2017 and 2023, reflecting stronger governance, enhanced resource management, and greater institutional coordination across the sector.

Water tariffs remain government-regulated and are determined by MEWA in coordination with SWA, while implementation is managed by NWC. Saudi Arabia applies an increasing block tariff (IBT) structure to encourage water conservation while gradually improving cost recovery. Residential water tariffs range from SAR 0.10/m³ for monthly consumption up to 15 m³ to SAR 6.00/m³ for consumption exceeding 60 m³, while government entities are charged a combined water and wastewater tariff of SAR 9.00/m³. Despite the tariff reforms implemented in 2016, which increased average water tariffs by approximately four times, end-user tariffs are estimated to recover less than 35% of the actual cost of supplying water, reflecting the government's continued commitment to subsidizing essential water services.

For private sector participants, however, exposure to regulated retail tariffs is limited. Independent Water Projects (IWPs), Independent Water and Power Projects (IWPPs), water transmission networks, and wastewater treatment facilities operate under long-term concession agreements, public-private partnerships, and Water Purchase Agreements (WPAs), with revenues primarily linked to contractual availability, treatment capacity, or service obligations rather than end-user water consumption. This contractual framework provides predictable cash flows, strong revenue visibility, and limited demand risk while supporting continued private investment across the Kingdom's water infrastructure.

Beyond domestic reforms, Saudi Arabia has strengthened its international leadership in the water sector through initiatives including the proposed Global Water Organization (GWO), hosting the 11th World Water Forum in 2027, contributing more than USD 6 bn to international water projects, launching the G20 Dialogue on Water, and establishing an international water research center announced during COP16.

Water Categories

1. **Potable Water:** Water that is treated and safe for human consumption. It meets regulatory drinking water standards and is supplied for residential, commercial, and municipal use.
2. **Desalinated Water:** Fresh water produced by removing salts and impurities from seawater or brackish water through processes such as reverse osmosis or thermal desalination. It is the primary source of potable water in coastal and arid regions.
3. **Process Water (Industrial Water):** Water used in industrial operations that does not require drinking quality but must meet specific technical standards depending on the application. It is used in cooling, manufacturing, refining, and utility processes.
4. **Wastewater:** Used water generated from residential, commercial, or industrial activities. It includes sewage and effluents that require treatment before reuse or environmental discharge. It is typically treated in wastewater treatment plants (WWTPs).
5. **Seawater Cooling System:** Raw seawater used in cooling systems, particularly in power generation, petrochemicals, and industrial facilities. It is used directly (once-through cooling) or indirectly after minimal treatment for heat exchange purposes.

Contracting Models

1. **BOT / BOOT / BOO Concessions:** These are typically greenfield concession projects under which the developer is responsible for designing, financing, constructing, operating, and maintaining new infrastructure assets for a specified concession period. Under **BOT (Build-Operate-Transfer)**, ownership is transferred to the government at the end of the concession period. Under **BOOT (Build-Own-Operate-Transfer)**, the developer owns the asset during the concession before transferring ownership to the government upon expiry. Under **BOO (Build-Own-Operate)**, the developer retains ownership of the asset throughout the project life, with no transfer obligation. These projects are usually long-term (20–30 years), executed through a Special Purpose Vehicle (SPV), and financed primarily on a project finance basis.
2. **ROT / ROOT Concessions:** These are brownfield concession projects involving the rehabilitation, expansion, modernization, or upgrade of existing infrastructure before assuming long-term operation. The **ROT (Rehabilitate-Operation-Transfer**) concessionaire operates the asset for the agreed concession period and

transfers it back to the asset owner upon contract expiry. Like BOT projects, these contracts are commonly executed through SPVs with project financing.

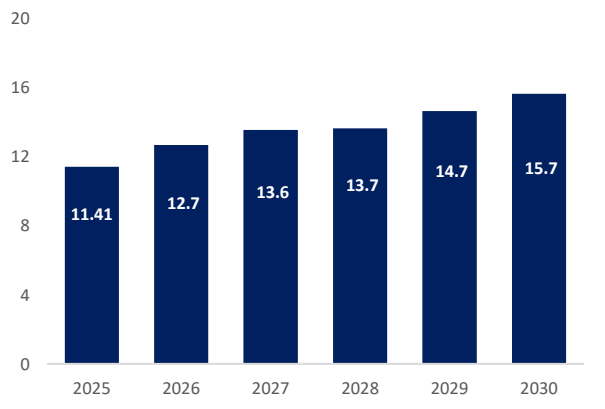
3. **LTOM (Long-Term Operation & Maintenance):** These are long-duration performance-based contracts, typically ranging from 10 to 25 years, under which the operator is responsible for the complete operation, maintenance, asset reliability, and performance of water, wastewater, desalination, or utility facilities. Compensation is generally linked to service availability and predefined operational KPIs.
4. **O&M (Operation & Maintenance):** These contracts generally range from 2 to 5 years and cover the day-to-day operation, preventive and corrective maintenance, repair, inspection, and optimization of existing facilities. The service provider operates assets owned by the client and is compensated through fixed fees, performance-based payments, or agreed tariffs without assuming ownership of the assets.
5. **EPC (Engineering, Procurement & Construction):** These contracts cover the engineering, design, procurement, construction, testing, and commissioning of new facilities or infrastructure expansions. EPC contracts are typically executed on a lump-sum turnkey basis, where the contractor delivers a fully operational asset according to predefined technical specifications.

Water Infrastructure Value Chain

Desalination

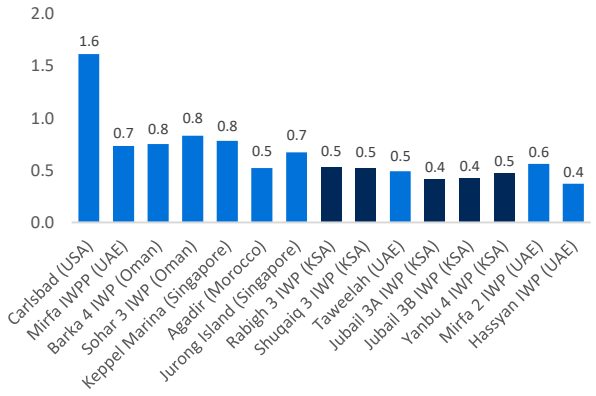
Desalination forms the backbone of Saudi Arabia's water supply, reflecting the Kingdom's limited renewable freshwater resources and growing water demand. According to MEWA, Saudi Arabia operates the world's largest desalination industry, with installed supply capacity 11.4 mn m³/day, making desalinated water the primary source of municipal water supply. Under Vision 2030, MEWA targets desalination capacity of approximately 15.7 mn m³/day by 2030, with desalinated water expected to account for around 90% of urban water supply through continued investment in production capacity, transmission infrastructure, and strategic water storage.

Chart 2: Desalinated Water Supply Capacities (mn m³/day) target by 2030



Source: MEWA, and anbc research

Chart 3: Levelized price of water in 2025(USD/m³)



Source: GWI DesalData, SWPC, ACWA Power, and anbc research

The desalination industry has undergone a significant technological shift from thermal processes such as Multi-Stage Flash (MSF) and Multi-Effect Distillation (MED) to Reverse Osmosis (RO), driven by its lower energy consumption, reduced carbon emissions, and superior operating efficiency.

This transition has significantly reduced desalination costs, with RO production costs currently ranging between USD 0.52-1.75/m³. Saudi Arabia and the United Arab Emirates have achieved some of the world's lowest desalination costs, with tariffs below USD 0.50/m³, according to GWI DesalData (based on SWPC and ACWA Power data). Supported by competitive public-private partnership (PPP) procurement and continued technological advancements,

tariffs awarded under Independent Water Projects (IWP) and Independent Water and Power Projects (IWPP) have declined by approximately 50% over the past five years, positioning Saudi Arabia among the world's lowest-cost producers of desalinated water.

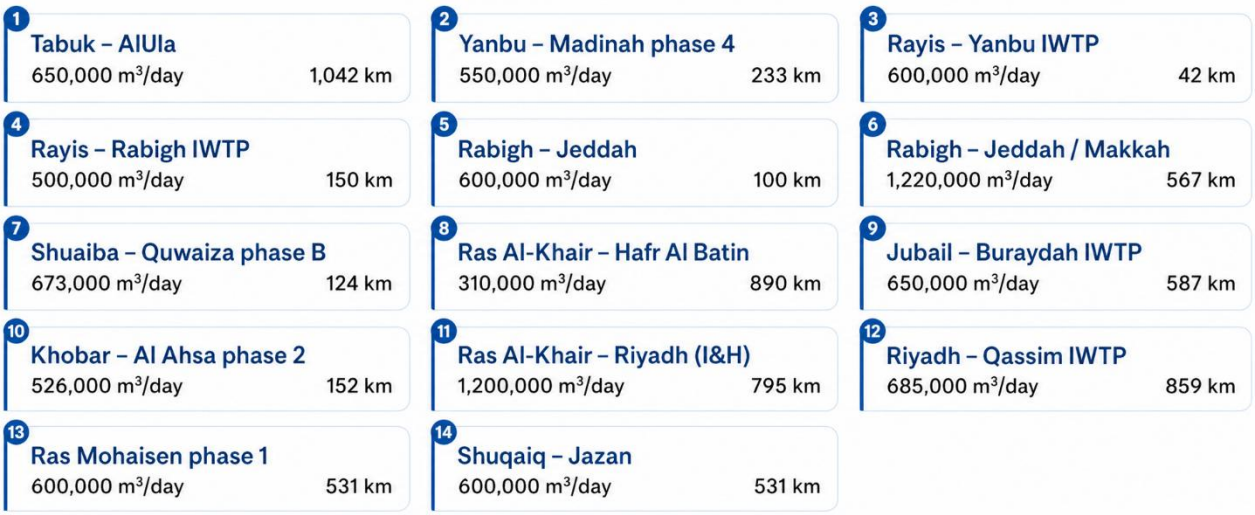
Continuous investment in advanced membrane technologies, energy recovery systems, and process optimization has reduced desalination energy intensity by approximately 50%, enhancing the sector's long-term cost competitiveness. Looking ahead, Saudi Arabia is expected to continue expanding its desalination infrastructure through a robust pipeline of public-private partnership (PPP) projects. According to Sharakat (Saudi Water Partnership Company), the Kingdom's water PPP portfolio comprises 51 projects, including 15 operational, 6 under construction, 11 under tendering, and 19 in the planning stage, representing private sector investments of approximately SAR 57 bn. The pipeline targets 8.1 mn m³/day of desalination capacity by 2030, reinforcing Saudi Arabia's position as the largest desalination market in the GCC.

Water Transmission

Water transmission infrastructure is a critical link in Saudi Arabia's water supply chain, transporting desalinated water from coastal production facilities to inland demand centers, including Riyadh, located more than 400 km from major desalination plants. WTCO (Water Transmission and Technologies Company) operates an 18,500 km pipeline network with 13 mn m³/day of capacity and plans to raise transmission capacity by 50% and strategic storage by 350% by 2030, backed by a future project portfolio of ~SAR 125 bn (USD 33.3 bn). In parallel, Sharakat (Saudi Water Partnership Company, formerly SWPC) plans 2,847 km of PPP transmission lines and 7.05 mn m³/day of strategic reservoir capacity up to 2030. Major projects are being developed by WTCO and ENOWA under Sharakat's PPP procurement framework, reinforcing a robust long-term infrastructure pipeline.

The planned network comprises several large-scale interregional transmission systems connecting desalination hubs, including Ras Al Khair, Rabigh, Shuaiba, Yanbu, Shuqaiq, and Ras Mohaisen, to key demand centers such as Riyadh, Makkah, Jeddah, Madinah, Qassim, Al Ahsa, Hafr Al Batin, and Jazan. Individual projects extend up to approximately 1,040 km in length and support transmission capacities exceeding 1.2 mn m³/day, highlighting the scale of investment required to ensure supply reliability and operational resilience across the Kingdom.

Chart 4: Key future water transmission projects in KSA



Source: MEED, SWPC, and anbc research

Water scarcity and demand drivers

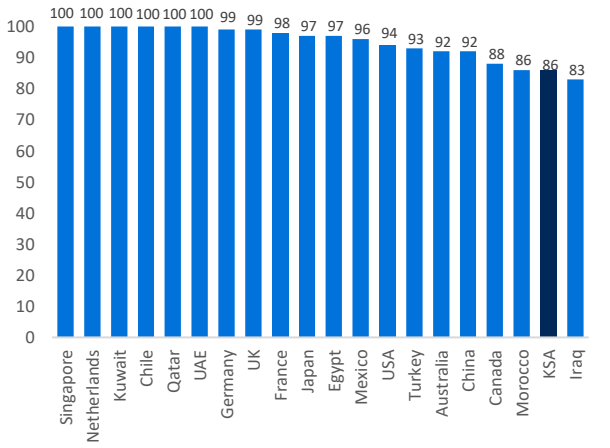
Saudi Arabia's water sector is fundamentally shaped by structural water scarcity, making long-term investment in water infrastructure a national strategic priority. The Kingdom is among the world's most water-stressed countries, with limited renewable freshwater resources and one of the lowest levels of natural water availability per capita globally. At the same time, continued population growth, rapid urbanization, industrial diversification, and tourism expansion are driving sustained increases in water demand. Under Vision 2030, the government is prioritizing greater operational efficiency, expansion of water infrastructure, increased wastewater reuse, and enhanced private sector participation to strengthen long-term water security. Collectively, these structural trends support a multi-year investment pipeline across desalination, water transmission, distribution networks, wastewater treatment, and water reuse infrastructure.

Water Supply Infrastructure and Access

Despite significant investment over recent decades, Saudi Arabia continues to expand and modernize its water infrastructure to meet rising demand and improve operational efficiency. The Kingdom operates a water transmission network exceeding 18,500 km (WTCO), supported by approximately 1,000 dams, with potable water network coverage of 85.9% as of March 2026 (NWC). However, continued urbanization and economic growth have created an estimated urban water supply gap of approximately 4.5 mn m³/day, reinforcing the need for additional transmission pipelines, storage facilities, and distribution networks.

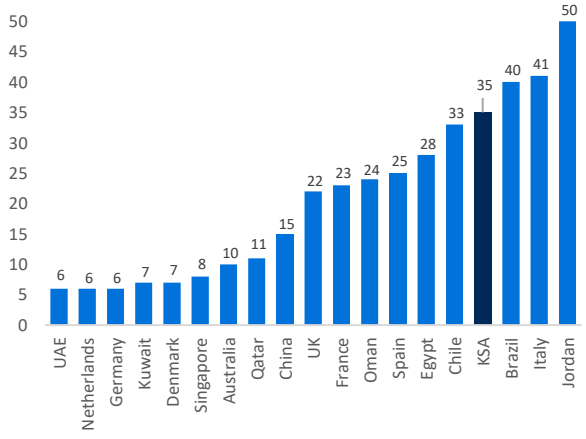
A key operational challenge remains non-revenue water (NRW), which represents water produced but not billed due to physical leakages, metering inaccuracies, and unauthorized consumption. Elevated NRW levels reduce utility efficiency and increase operating costs, highlighting the importance of investment in smart metering, digital monitoring systems, leakage detection technologies, and network rehabilitation. While leading global water utilities typically maintain NRW levels between 5% and 15%, NWC's NRW stood at 35% as of February 2026, against a 2030 target of 27%, indicating significant scope for efficiency improvements. At the same time, potable water network coverage has expanded to 85.9% as of March 2026 (NWC), demonstrating strong progress in accessibility while shifting policy focus toward improving network performance and reducing system losses.

Chart 5: Population connected to water supply network (%)



Source: GWI WaterData, EurEau, MEWA and anbc research

Chart 6: Non-revenue water (%)



Source: GWI WaterData, EurEau, MEWA and anbc research

Wastewater Reuse and Resource Recovery

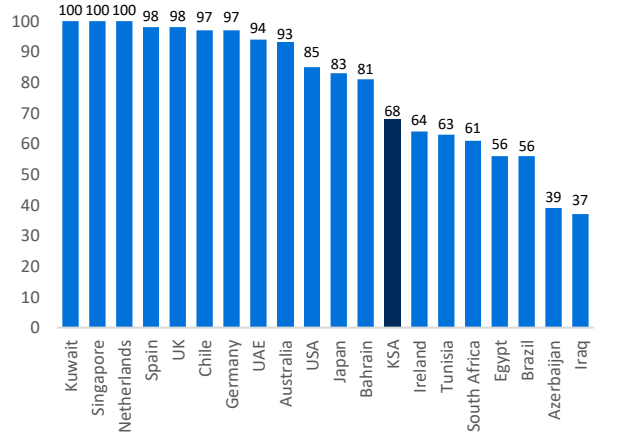
Wastewater treatment and reuse have become increasingly important components of Saudi Arabia's long-term water strategy, supporting resource conservation, environmental sustainability, and supply diversification. Treated

wastewater reduces dependence on desalinated water and groundwater while providing a reliable alternative source for agricultural, industrial, environmental, and municipal applications. Compared with desalination, wastewater reuse generally requires lower energy consumption and can defer investment in new water production capacity, improving overall system economics.

Although wastewater infrastructure has expanded meaningfully, significant growth potential remains. As of March 2026, wastewater network coverage stood at 68.1% (NWC), while only around 26% of treated wastewater is reused, highlighting substantial opportunities to improve resource utilization. According to Sharakat (Saudi Water Partnership Company, formerly SWPC), the Kingdom targets 2.60 mn m³/day of wastewater treatment capacity through PPP projects by 2030, complementing NWC's network of 180 wastewater treatment plants, which treated an average of 6.4 mn m³/day as of March 2026. Saudi Arabia targets reuse of 70% of treated wastewater by 2030 under the National Water Strategy, while NWC targets 70% wastewater coverage and 100% tertiary treatment, supported by stricter environmental regulations, expanding reuse infrastructure, and wider adoption of advanced treatment technologies.

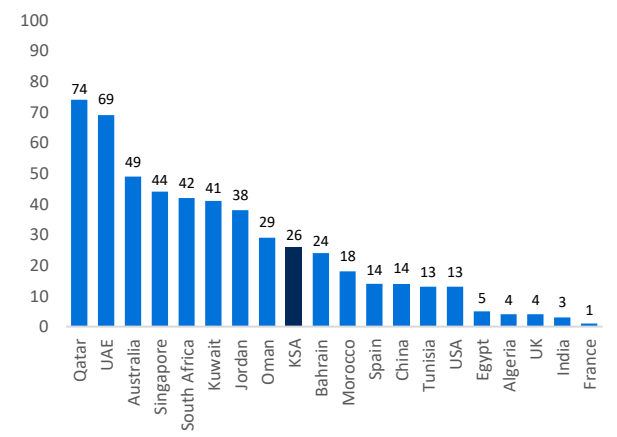
At the regional level, Saudi Arabia, the UAE, and Egypt are expected to account for approximately 65% of the MENA wastewater reuse market by 2030, reinforcing wastewater treatment as one of the fastest-growing segments of the regional water sector.

Chart 7: Population connected to wastewater collection network



Source: GWI WaterData, EurEau, UN statistics division, MEWA and anbc research

Chart 8: Reused treated wastewater (%)



Source: UN Environment Programme, Veolia, MEWA, and anbc research

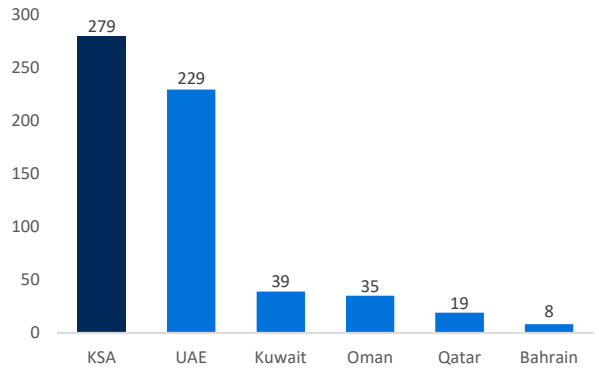
GCC water market opportunity and EPC pipeline

The GCC water sector presents a substantial long-term investment opportunity, underpinned by structural water scarcity, population growth, and large-scale infrastructure development across the region. According to Kearney, the regional water infrastructure market is expected to expand from approximately SAR 30 bn in 2026f to SAR 69 bn by 2030f, reflecting sustained investment across desalination, water transmission, wastewater treatment, and distribution infrastructure. Saudi Arabia is expected to remain the primary growth engine, supported by Vision 2030 and ongoing investments in water security and industrial development. Municipal infrastructure is expected to remain the largest segment, with annual capital expenditure projected to reach approximately SAR 45 bn (USD 12 bn) by 2030f, according to Kearney.

Kearney also estimates a sizeable water infrastructure EPC pipeline across the GCC, with Saudi Arabia representing the largest opportunity at approximately SAR 279 bn, followed by the UAE at SAR 229 bn. Kuwait, Oman, Qatar, and Bahrain represent smaller but strategically important markets, collectively reinforcing the GCC as a high-investment water infrastructure region. The scale of Saudi Arabia's EPC pipeline highlights its leadership in driving regional water

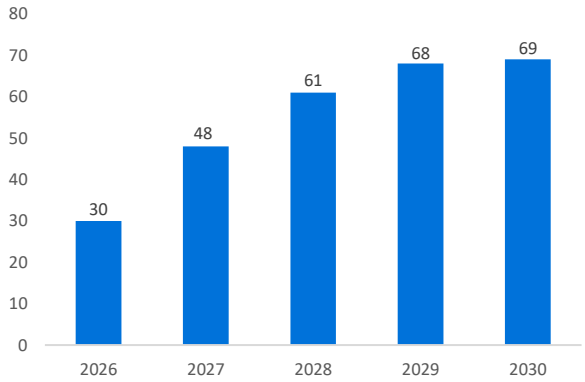
sector expansion, while the robust project pipeline provides sustained visibility for engineering, procurement, and construction activity across the water value chain over the medium term.

Chart 9: Total EPC Value of Planned Projects in GCC 2025-2030 (SAR bn)



Source: Kearney, and anbc research

Chart 10: Total Addressable Market of GCC Water (SAR bn)



Source: Kearney, and anbc research

Structural demand drivers support long-term water infrastructure growth

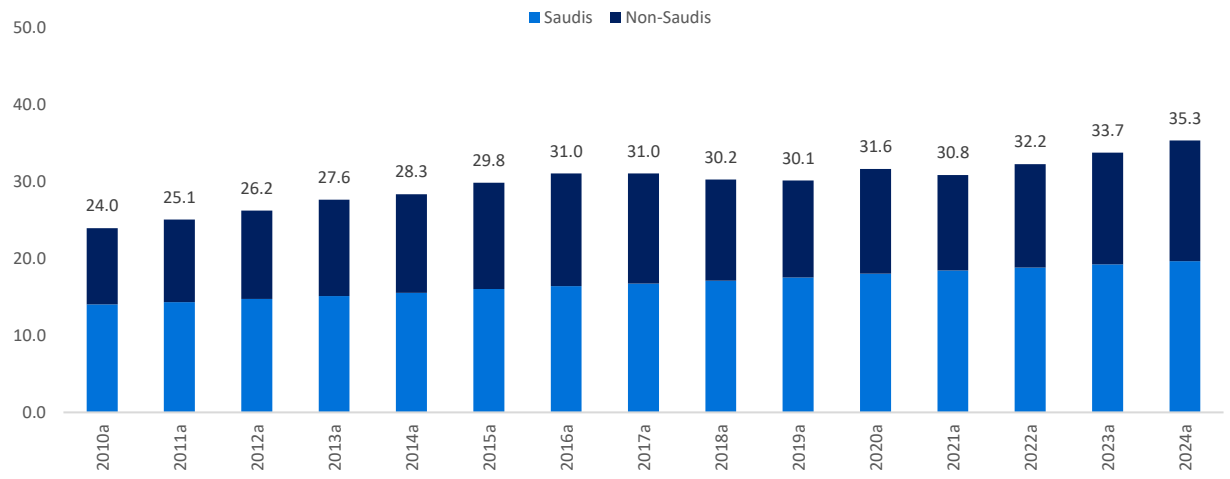
Saudi Arabia's long-term water demand outlook is supported by favorable demographic and economic trends. The Kingdom's population is projected to increase from approximately 35.3 mn in 2024 to 39.3 mn by 2030, supporting sustained growth in municipal water consumption. Population growth, combined with rapid urbanization, is expected to drive annual water demand growth of approximately 3-4%, requiring continued investment across the entire water value chain. In addition, per-capita water consumption exceeds 284 liters per day, significantly above the global average and among the highest rates in water-scarce nations, reflecting structurally high domestic water demand.

Industrial diversification under Vision 2030 provides an additional source of structural demand. Expanding activity across petrochemicals, mining, manufacturing, logistics, and industrial cities is increasing the consumption of desalinated, process, and recycled water, while large-scale tourism developments are creating incremental demand from hospitality, commercial, and residential infrastructure. The Kingdom's target of attracting 150 mn tourists annually by 2030, together with ongoing giga projects, is expected to materially increase demand for desalination, water transmission, wastewater treatment, and water reuse infrastructure.

Meeting this rising demand requires continued expansion across the Kingdom's water infrastructure. Saudi Arabia remains the world's largest desalination market, accounting for approximately 15% of global desalination capacity, reinforcing the strategic importance of continued investment in desalination, transmission, wastewater treatment, and water reuse facilities to strengthen long-term water security.

Vision 2030 remains the principal policy framework supporting the transformation of Saudi Arabia's water sector through infrastructure investment, resource conservation, and greater private sector participation. The National Transformation Program (NTP) complements these objectives by promoting integrated water resources management, expanding wastewater reuse, improving service quality, reducing environmental impacts, and encouraging private investment across the water value chain. Between 2016 and 2025, desalination capacity more than doubled from 5.6 mn m³/day to 11.4 mn m³/day (MEWA), the transmission network expanded from 7,000 km to over 18,000 km, and reused treated wastewater tripled to 1.83 mn m³/day (Saudi Water Authority). Together, these initiatives underpin a long-term investment cycle that is expected to support sustained growth across Saudi Arabia's water infrastructure sector.

Chart 11: Saudi Arabia's population reached 35.3 mn in 2024



Source: GASTAT, anbc research

Key Sector Risks

1. **Tariff Regulation:** The Saudi Water Authority's (SWA) regulatory authority over water tariffs can affect revenues for water distribution and retail operations.
2. **Payment Timing:** Government offtake payment timelines may differ from contractual terms during periods of fiscal adjustment.
3. **Environmental Compliance:** Brine disposal regulations may become more stringent, increasing costs for coastal desalination operations.
4. **Technology Risk:** Emerging technologies, including solar desalination and advanced membrane systems, may disrupt established desalination approaches.
5. **Feedwater Quality:** Variations in Red Sea and Gulf water quality can affect desalination plant performance and operating costs.
6. **Capital Intensity:** Large-scale desalination projects require substantial equity and debt financing commitments.
7. **Construction Risk:** Mega-scale desalination projects carry execution risks, including schedule delays and cost overruns.

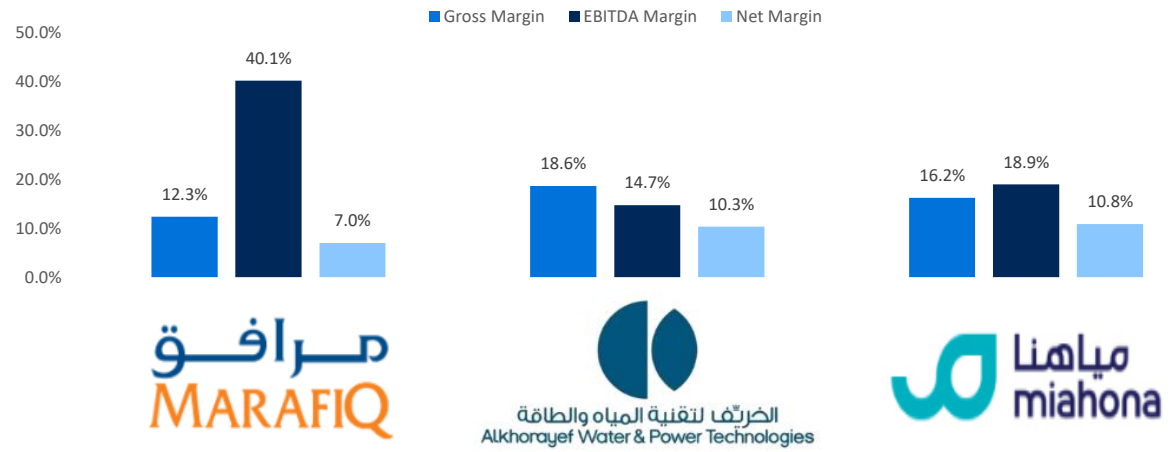
Valuation Table

		MARAFIQ	AWPT	MIAHONA
Last price (SAR)		45.0	81.7	8.9
Rating		**Overweight**	**Overweight**	**Neutral**
Target Price (SAR)		**55.9**	**96.6**	**10.3**
Upside/Downside (%)		24.3	18.4	14.9
Dividend Yield (%)		8.3	2.8	2.3
Total Return (%)		32.6	21.1	17.2
Growth (2025-30f)	Revenue	7.0	5.5	-5.6
	Earnings	28.5	13.3	2.2
	Equity	6.1	20.7	5.9
ROAEs (%)	2024a	1.1	35.0	9.8
	2025a	9.0	30.2	16.4
	2026e	7.6	27.2	2.6
	2027f	22.6	25.9	13.0
ROAAs (%)	2024a	0.2	11.6	4.0
	2025a	2.2	9.4	5.9
	2026e	2.0	8.8	0.8
	2027f	6.2	9.1	3.8
P/B	2024a	2.6	6.8	10.0
	2025a	1.6	5.1	6.0
	2026e	2.0	2.5	2.9
	2027f	1.8	2.1	2.8
P/E	2024a	237.7	22.8	108.9
	2025a	18.9	18.4	39.8
	2026e	26.2	10.3	113.9
	2027f	8.4	8.9	22.1
Dividend yield (%)	2024a	0.6	1.0	0.4
	2025a	4.9	1.3	1.0
	2026e	3.1	2.4	0.3
	2027f	8.3	2.8	2.3

Last price as of November 16th, 2026

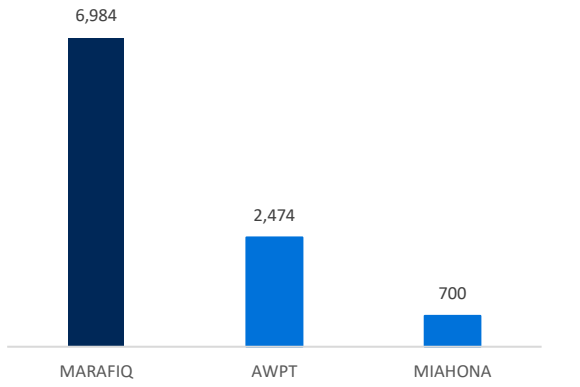
Peer Comparison

Chart 12: AWPT has the highest gross margin (2025)



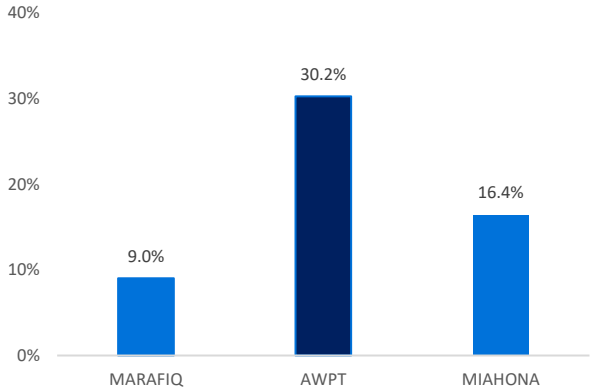
Source: Company financials, anbc research

Chart 13: Revenue - 2025 (SAR mn)



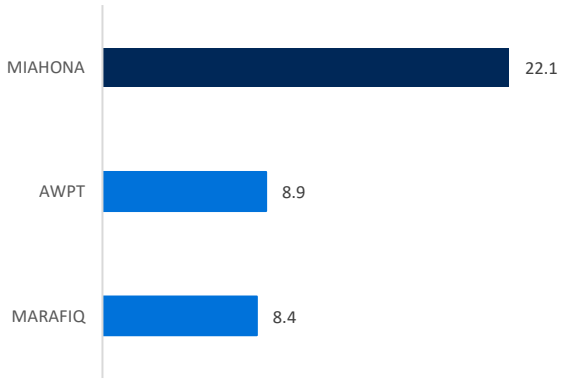
Source: Company financials, anbc research

Chart 14: ROE - 2025 (%)



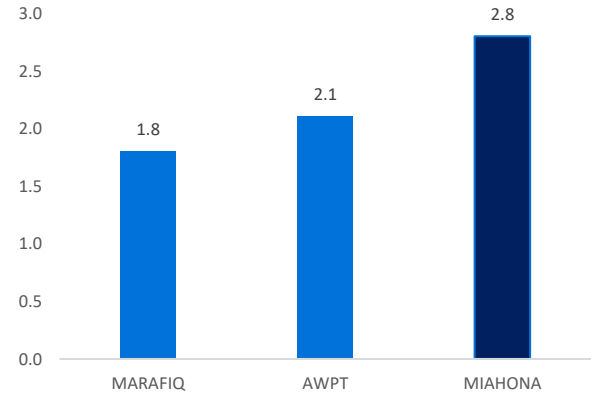
Source: Company financials, anbc research

Chart 15: 2027f PE (x)



Source: Company financials, anbc research

Chart 16: 2027f PB (x)



Source: Company financials, anbc research

INITIATION OF COVERAGE

The Power and Water Utility Company for Jubail and Yanbu

17 November 2026

We initiate coverage on The Power and Water Utility Company for Jubail and Yanbu (MARAFIQ) with an 'Overweight' rating and a target price of SAR 55.9/share. Marafiq is the exclusive provider of integrated utility services across the Royal Commission's industrial cities, supported by long-term concession agreements that provide high earnings visibility. We forecast a 2025-30f revenue CAGR of 7.0%, supported by rising industrial activity, increasing utility demand, tariff revisions, and contributions from new PPP projects. The step-up in gross margin from a depressed 12.3% in 2025, struck after a one-time SAR 476 mn power revenue reversal, to 16.4% in 2026e and 21.5% by 2030f drives a 2025–30f earnings CAGR of 28.5%. The stock currently trades at a 2027f EV/EBITDA of 6.4x and a 2027f P/E of 8.4x and offers a 2027f dividend yield of 8.3%.

Water security and industrial growth drive long-term demand. Water is contributing SAR 3.2 bn (46.7%) of revenue in 2025, and we forecast it to reach SAR 4.3 bn by 2030f (2025–30f CAGR: 5.9%). Drinking & process water, wastewater, and seawater cooling volumes are expected to grow at 2025–30f CAGRs of 2.9%, 10.2%, and 2.9%, respectively, supported by industrial expansion, January 2027 tariff revisions, and available capacity across existing assets.

Exclusive concessions provide high earnings visibility. Marafiq operates as the exclusive provider of integrated utility services across the Royal Commission's industrial cities under long-term concession agreements, creating high barriers to entry and supporting earnings visibility. The company is also expanding through PPP projects, including the SAR 1.9 bn AMIRAL IWWTP (40% stake) and the SAR 3.7 bn Al Haer ISTP (35% stake), increasing its exposure to the wastewater segment.

Power demand is supported by industrial expansion and population. We expect Marafiq's power segment to benefit from rising electricity demand across its concession areas, supported by industrial expansion and population growth. Power revenue is forecast to increase from SAR 3.5 bn in 2025 to SAR 5.0 bn by 2030f (2025–30f CAGR: 7.6%), driven by higher generation utilization, rising electricity distribution volumes, and stable realized tariffs.

Strong operating cash flow funds a rising capex program. Marafiq's capital-efficient expansion model, under which the Royal Commission develops and owns much of the transmission and distribution infrastructure, reduces the company's capital requirements. We forecast operating cash flow to increase from SAR 1.9 bn in 2025 to SAR 3.5 bn by 2030f, while annual capital expenditure remains at SAR 1.0-1.8 bn, supporting strong free cash flow and sustainable dividends.

Balance sheet strength supports sustainable dividend growth. Marafiq has significantly strengthened its balance sheet, with net debt-to-EBITDA declining from 6.6x in 2020 to 4.7x in 2025, driven by debt repayment and solid EBITDA growth. EBITDA increased at a 2020–25 CAGR of 7.1%, supported by improving operating performance. We forecast net debt-to-EBITDA to decline further to 2.6x by 2030f, while EBITDA is expected to reach SAR 3.8 bn, representing a 2025–30f CAGR of 6.1%.

Valuation: Our Dec-27 target price of SAR 55.9/share is based on a blended DDM and EV/EBITDA valuation, implying 24.3% upside from the last close.

Risk: Lower plant availability, adverse tariff revisions, and high customer concentration could pressure earnings. Delays in Royal Commission projects or weaker-than-expected industrial activity may also reduce demand growth.

RATING SUMMARY	OVERWEIGHT
Target Price (SAR)	55.9
Upside/Downside (%)	24.3
Div. Yield (%)	8.3
Total Exp. Return (%)	32.6

Source: Company financials, anbc research

ISSUER INFORMATION	
Bloomberg Code	MARAFIQ AB
Last Price (SAR)	45.0
No of Shares (mn)	250
Market Cap bn (SAR/USD)	11.2/3.0
52-week High / Low (SAR)	46.2/28.4
12-month ADTV (mn) (SAR/USD)	21.3/5.7
Free Float (%)	30.0
Foreign Holdings (%)	6.6

Last price as of November 16th, 2026

VALUATIONS

	2025a	2026e	2027f	2028f
EPS (SAR)	2.0	1.7	5.3	5.9
PER (x)	18.9	26.2	8.4	7.7
PBV (x)	1.6	2.0	1.8	1.7
DPS (SAR)	1.8	1.4	3.7	4.1
Div. Yield (%)	4.9	3.1	8.3	9.1
RoE (%)	9.0	7.6	22.6	23.2
RoA (%)	2.2	2.0	6.2	6.9

Source: Company financials, anbc research

FINANCIALS (SAR mn)

	2025a	2026e	2027f	2028f
Revenue	6,984	7,720	8,797	9,112
Gross Profit	856	1,264	2,004	2,037
EBITDA	2,824	2,724	3,498	3,589
Net Income	488	429	1,333	1,467

Source: Company financials, anbc research

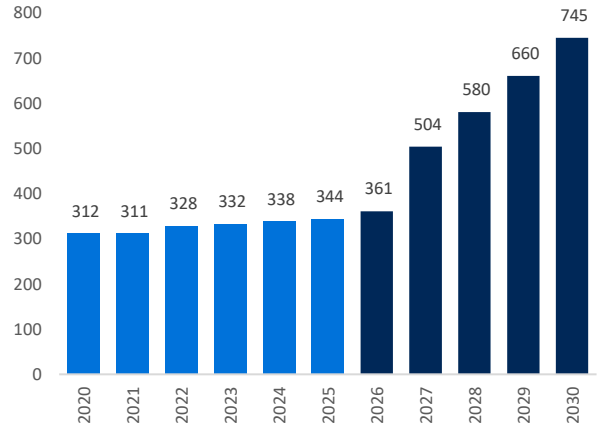
RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

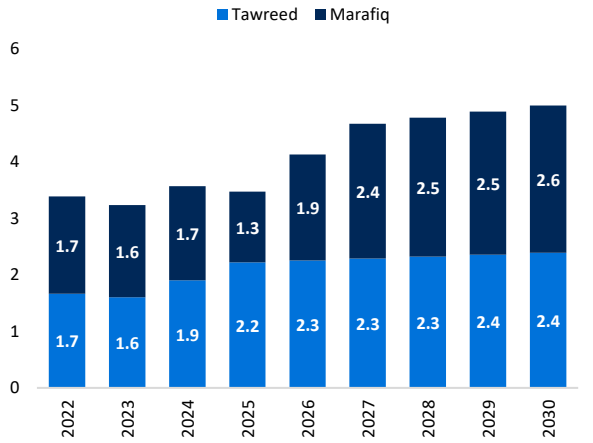
Investment Thesis in Charts

Chart 17: Wastewater is the fastest-growing water segment – revenue (SAR mn)



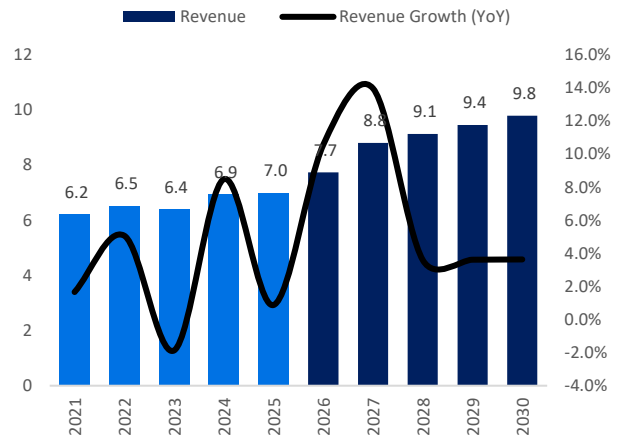
Source: Company financials, anbc research

Chart 18: Power segment revenue (SAR bn)



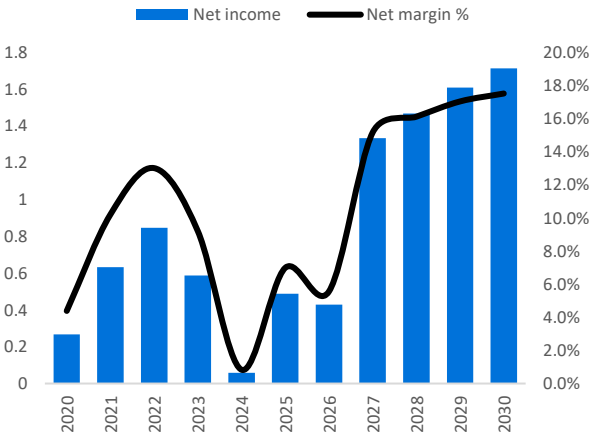
Source: Company financials, anbc research

Chart 19: Revenue to reach SAR 9.8 bn by 2030



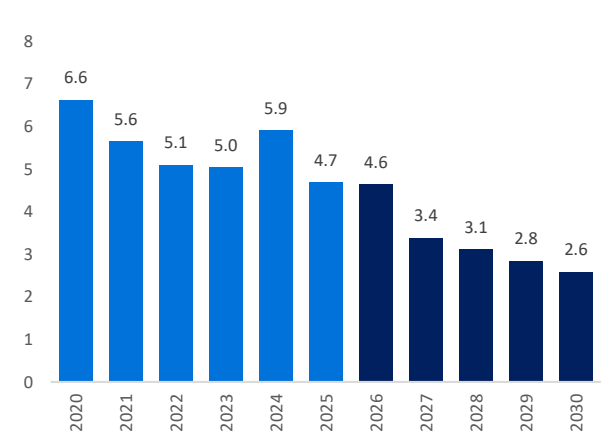
Source: Company financials, anbc research

Chart 20: Net income (SAR bn) and net margin (%)



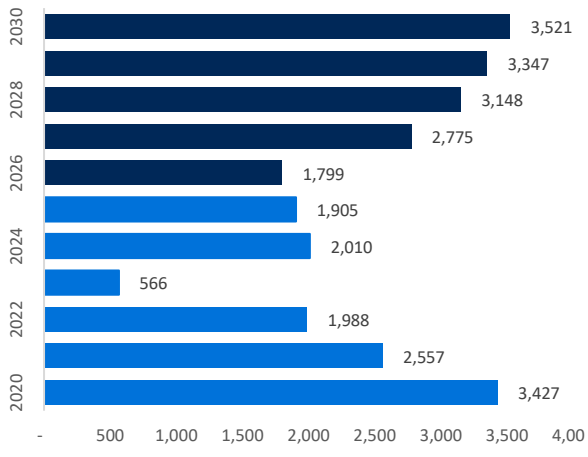
Source: Company financials, anbc research

Chart 21: Net Debt / EBITDA (x)



Source: Company financials, anbc research

Chart 22: Cash Flow from operations (SAR mn)



Source: Company financials, anbc research

Investment Thesis

Water segment well positioned to capture water security and industrial growth opportunities

We expect Marafiq's water segment to remain the company's primary growth driver, supported by Saudi Arabia's long-term water security initiatives, rising water scarcity, industrial expansion, and population growth across its core service areas. The water segment contributed SAR 3.2 bn, or 46.7% of total revenue, in 2025, compared with SAR 2.9 bn (47.9%) in 2020, and we forecast revenue to reach SAR 4.3 bn by 2030f, representing a 2025-30f CAGR of 5.9%. Growth is expected across drinking & process water, wastewater treatment, and seawater cooling, supported by higher demand, tariff revisions, and available capacity across existing assets.

Marafiq's water business is strategically positioned across four of Saudi Arabia's largest industrial cities, Jubail, Yanbu, Ras Al Khair, and Jazan, where utility demand is closely linked to industrial activity. According to the Royal Commission for Jubail and Yanbu (RCJY), Jubail is the world's largest industrial city and contributes approximately 7% of Saudi Arabia's GDP. Together, these industrial cities serve as major hubs for the Kingdom's petrochemical, refining, mining, and heavy industries, supporting long-term demand for drinking and process water, wastewater treatment, and seawater cooling services. According to RCJY, cumulative investments across these industrial cities exceeded SAR 1.5 tn by the end of 2025. We believe continued investment in these industrial clusters, together with Saudi Arabia's ongoing industrial expansion, will support sustained long-term demand for Marafiq's integrated water services.

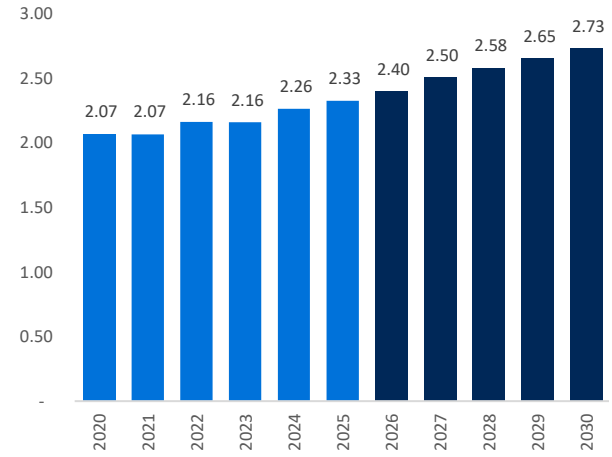
Drinking and process water: rising industrial water demand to drive growth

Saudi Arabia's desalination industry continues to expand in line with rising municipal and industrial water demand. According to MEWA, desalinated water production capacity increased from 5.6 mn m³/day in 2016 to 5.9 mn m³/day in 2020 before reaching approximately 11.4 mn m³/day by the end of 2025. Under Vision 2030, the Kingdom targets approximately 15.7 mn m³/day of desalination capacity by 2030, reinforcing long-term water security and supporting growing industrial and residential demand.

Demand for drinking and process water across Jubail, Yanbu, and Ras Al Khair is expected to remain supported by continued industrial expansion and population growth. Marafiq is one of the key water suppliers across these industrial cities, providing drinking water to residential customers and process water to industrial users through a combination of owned desalination assets and purchased water.

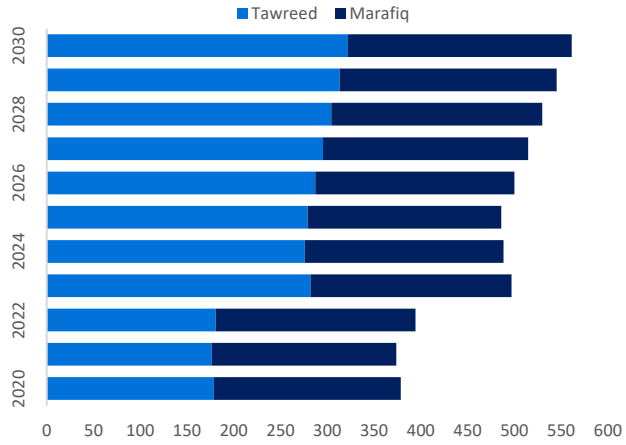
In Jubail, Marafiq operates a 100,000 m³/day reverse osmosis (RO) desalination plant and supplements supply through purchases of 300,000 m³/day from Tawreed and 75,000 m³/day from Al-Fath Company. In Yanbu, the company operates desalination facilities with a combined production capacity of 208,240 m³/day using Multi-Stage Flash (MSF), Multi-Effect Distillation (MED), and reverse osmosis technologies. As of 2025, Marafiq accounted for approximately 8.1% of Saudi Arabia's total desalination capacity with installed capacity of approximately 1.3 mn m³/day. The company's desalination assets operated at 90% utilization during 2025, providing sufficient available capacity to accommodate our forecast increase in demand.

Chart 23: Drinking & Process water revenue (SAR bn)



Source: Company financials and anbc research

Chart 24: Drinking & Process water volumes sold (mn m³)



Source: Company financials and anbc research

Drinking and process water volume reached 486 mn m³ in 2025, up from 378 mn m³ in 2020, and we forecast it to increase to 561 mn m³ by 2030f, representing a 2025–30f CAGR of 2.9%. Marafiq is expected to supply 42.6% of total volume, while Tawreed will account for the remaining 57.4%.

Revenue reached SAR 2.3 bn in 2025 compared with SAR 2.1 bn in 2020, representing a 2020–25 CAGR of 2.4%. We forecast revenue to increase to SAR 2.7 bn by 2030f, implying a 2025–30f CAGR of 3.2%, supported by higher demand and revised industrial water tariffs.

Effective 1 January 2027, Marafiq revised its residential and non-residential water tariffs, increasing potable and process water tariffs to SAR 8.0/m³. We expect these tariff adjustments to provide an additional tailwind to revenue growth over our forecast period.

Table 1: Water tariffs – residential and non-residential

Meter Diameter (mm)*	Residential Fixed Monthly Fee (SAR/month)
0-20	20
21-40	40
41-65	60
66-100	80
More than 100	100
Non-residential consumption rate (SAR/m³)	8.00

**For each additional unit: SAR 20 per month*

Source: National Water Company (NWC), anbc research

Wastewater: water reuse and growth project to drive long-term growth

Saudi Arabia's National Water Strategy 2030 targets reuse of 70% of treated wastewater and around 10 mn m³/day of treatment capacity by 2030, requiring continued investment across collection, treatment, and recycled water infrastructure. We believe this structural shift will support sustained demand for wastewater treatment services, benefiting established operators such as Marafiq.

NWC's 180 wastewater treatment plants treated an average of 6.4 mn m³/day as of March 2026, against the National Water Strategy target of ~10 mn m³/day of treatment capacity by 2030, reflecting continued investment in wastewater infrastructure and recycled water capacity.

Marafiq provides industrial and sanitary wastewater collection, treatment, and recycled water services across Jubail and Yanbu. The company currently operates wastewater treatment capacity of 340,000 m³/day in Jubail and 95,000 m³/day in Yanbu, while an additional 125,000 m³/day industrial wastewater treatment plant is under development. Including the new plant, Marafiq's total wastewater treatment capacity will reach ~560,000 m³/day of sanitary and industrial wastewater, supporting the Kingdom's circular water economy objectives.

Wastewater treatment volume reached 169 mn m³ in 2025, up from 151 mn m³ in 2020. We forecast it to increase to 275 mn m³ by 2030f, representing a 2025–30f CAGR of 10.2%. Effective 1 January 2027, industrial wastewater tariffs increased to SAR 4.0/m³. We expect the tariff revisions, coupled with higher wastewater treatment volumes, to provide additional support to revenue growth over our forecast period.

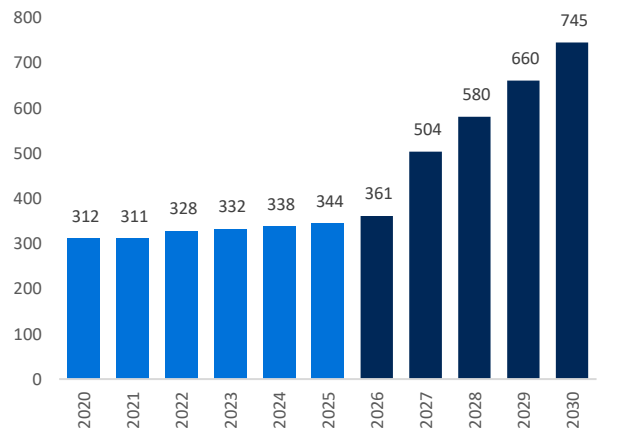
Table 2: Wastewater tariffs – residential and non-residential

Meter Diameter (mm)*	Residential Fixed Monthly Fee (SAR/month)
0-20	10
21-40	20
41-65	30
66-100	40
More than 100	50
Non-residential wastewater rate (SAR/m³)	4.00

*Source: National Water Company (NWC), anbc research, *For each additional unit: SAR 10 per month*

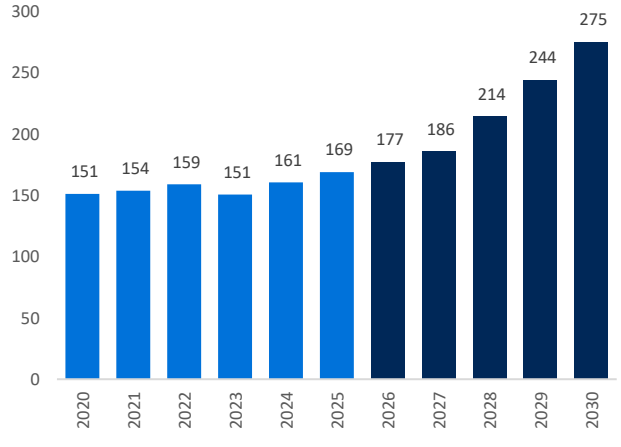
Wastewater revenue reached SAR 343.9 mn in 2025, compared with SAR 311.5 mn in 2020, representing a 2020–25 CAGR of 2.0%. We forecast revenue to reach SAR 744.7 mn by 2030, implying a 2025-30f CAGR of 16.7%.

Chart 25: Wastewater revenue (SAR mn)



Source: Company financials and anbc research

Chart 26: Wastewater volumes sold (mn m³)



Source: Company financials and anbc research

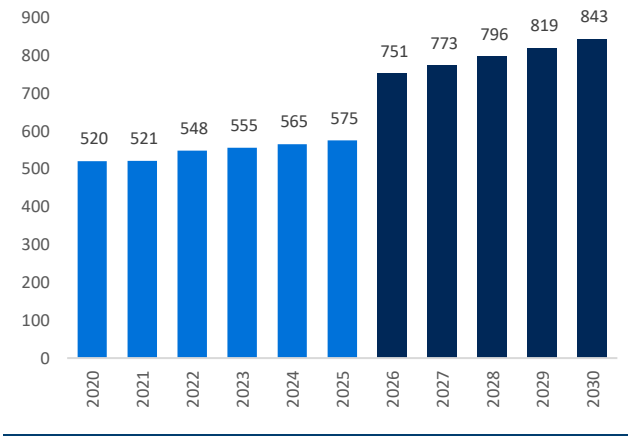
Beyond its existing operations, Marafiq is expanding its wastewater portfolio through the SAR 3.7 bn Al Haer ISTP, where it holds a 35% stake under a 25-year concession. Commercial operations are expected to commence in 4Q 2026, with earnings contribution beginning in 1Q27.

Seawater Cooling: expanding industrial activity to sustain long-term demand

Seawater cooling remains a critical utility service for petrochemical, refining, mining, and other energy-intensive industries operating across Jubail, Yanbu, and Ras Al Khair. We expect continued industrial expansion to support long-term demand.

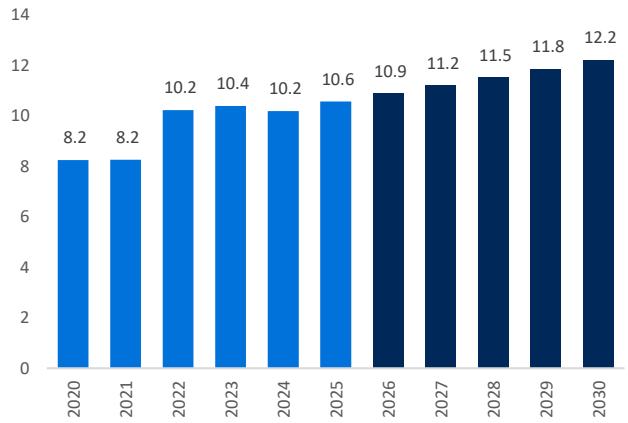
Marafiq operates one of Saudi Arabia's largest centralized seawater cooling systems, with an installed cooling capacity of approximately 61.9 mn m³/day. The system has a capacity of approximately 1.11 mn m³/hour in Yanbu Industrial City and 1.25 mn m³/hour in Jubail, supplemented by an additional 220,000 m³/hour from the Jubail 2 booster pumping station.

Chart 27: Seawater cooling revenue (SAR mn)



Source: Company financials and anbc research

Chart 28: Seawater cooling volumes sold (bn m³)



Source: Company financials and anbc research

Seawater cooling volume reached 10.5 bn m³ in 2025, up from 8.2 bn m³ in 2020. We forecast volume to increase to 12.2 bn m³ by 2030, representing a 2025-30f CAGR of 2.9%, supported by industrial expansion and higher cooling demand across Jubail, Yanbu, and Ras Al Khair. Effective 7th Dec 2025, seawater cooling tariffs were revised to SAR 69.2 per thousand m³. We expect the tariff revision, together with higher cooling volumes, to support revenue growth over our forecast period. Seawater cooling revenue reached SAR 575 mn in 2025, compared with SAR 520 mn in 2020, representing a 2020-25 CAGR of 2.0%. We forecast revenue to increase to SAR 842.7 mn by 2030, implying a 2025-30f CAGR of 7.9%.

Power segment supported by population growth & rising electricity demand across industrial cities

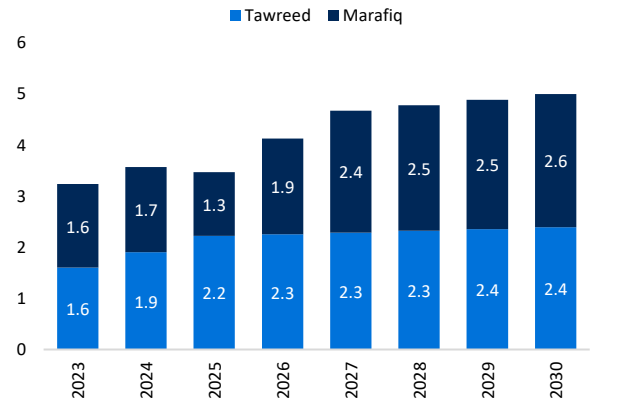
We expect Marafiq's power segment to benefit from rising electricity demand across Yanbu, Jubail, Jazan, and Ras Al Khair, driven by continued industrial expansion, population growth, and economic development under Vision 2030. As one of Saudi Arabia's integrated utility providers, Marafiq is well positioned to capture this growth through its generation, transmission, and distribution assets.

Marafiq, including Tawreed, has an installed power generation capacity of 4.8 GW as of 2025, representing approximately 3.2% of Saudi Arabia's total installed capacity. The company also operates 440 km of transmission lines and approximately 4,000 km of distribution networks across its service areas. In Yanbu, Marafiq owns and

operates the Yanbu 1 and Yanbu 2 power plants, with a combined installed capacity of 2,062.5 MW. During 2025, the company initiated the conversion of the Yanbu 2 power plant from fuel oil to natural gas, which is expected to improve operating efficiency, reduce fuel costs, and lower carbon emissions over the medium term.

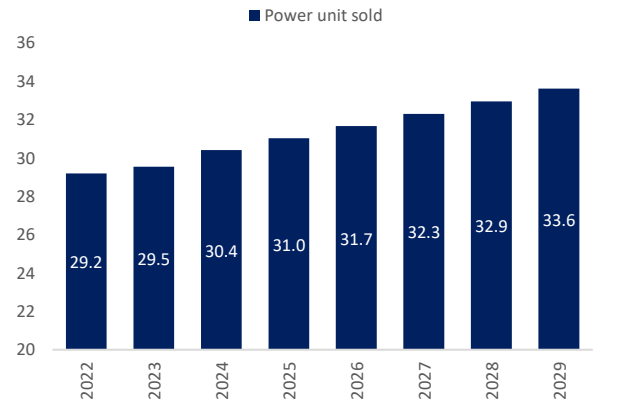
Industrial expansion remains the primary driver of electricity demand across Marafiq's service territories, while population growth and rising residential electricity consumption provide additional support. Jubail's population increased at a 2020–25 CAGR of 2.7%, reaching 517k in 2025, and we forecast it to grow at a 2025–30f CAGR of 2.9% to 596k by 2030. Yanbu's population increased at a 2020–25 CAGR of 2.8% to 363k in 2025 and is expected to reach 420k by 2030, representing a 2025–30f CAGR of 3.0%. At the national level, average residential electricity consumption increased to 4,567 kWh per capita in 2024, compared with 4,363 kWh in 2020, reflecting continued growth in underlying electricity demand. We expect these trends to support sustained growth in residential, commercial, and industrial electricity consumption across Marafiq's service areas.

Chart 29: Power revenue (SAR bn)



Source: Company financials and anbc research

Chart 30: Power units sold (TWh)



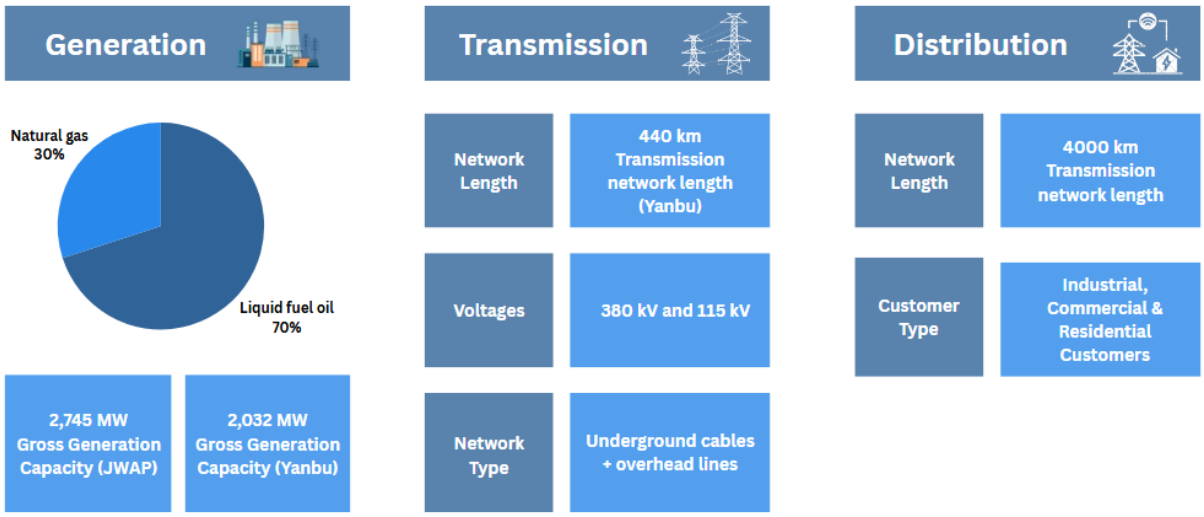
Source: Company financials and anbc research

Marafiq's generation assets ran at an average load of approximately 1.2 GW during 2025, implying a capacity utilization rate of 66.3%. We forecast average load to increase to 1.4 GW by 2030f, a utilization rate of 76.8%, assuming no major additions to installed capacity. Higher utilization of existing generation assets is expected to improve operating leverage and support earnings growth. Electricity volumes supplied through the Tawreed arrangement averaged approximately 2.2 GW of load in 2025, compared with 2.6 GW in 2020, and we forecast a recovery to 2.6 GW by 2030f, a 2025–30f CAGR of 2.9%.

Jubail operates under a different business model. Under the Tawreed arrangement, Tawreed purchases the entire electricity output from the Jubail Water and Power Company (JWAP) and subsequently supplies electricity to Marafiq for distribution within Jubail Industrial City.

The power segment generated SAR 3.5 bn in revenue in 2025, up from SAR 3.1 bn in 2020. Of the 2025 revenue, SAR 2.2 bn was attributable to Tawreed-related operations in Jubail, while SAR 1.3 bn was generated by Marafiq's operations in Yanbu, Jazan, and Ras Al Khair. We forecast power segment revenue to increase to SAR 5.0 bn by 2030f, representing a 2025–30f CAGR of 7.6%. Of the forecast revenue, SAR 2.4 bn is expected to be generated through Tawreed, while SAR 2.6 bn is expected to come from Marafiq's own operations. Growth will be supported by continued industrial expansion and population growth. As all electricity distributed in Jubail is procured from Tawreed, Marafiq can meet rising demand without requiring additional generation capacity within the city.

Chart 31: Marafiq power supply chain



Source: Company financials and anbc research

Marafiq's power business is also expected to benefit from an improving tariff framework. In October 2026, Saudi Energy Company announced revised electricity consumption tariffs effective 1st January 2027, the first broad revision since January 2018. Under the revision, the residential tariff rises to 21 halalas/kWh from 18 halalas/kWh for consumption up to 6,000 kWh per month, and to 33 from 30 halalas/kWh above that level. We believe the combination of higher tariffs and rising electricity demand supports predictable revenue growth over our forecast period.

Table 3: Electricity consumption tariffs (Halala/kWh)

Category	Current	From 1 Jan 2027
Residential, up to 6,000 kWh	18	21
Residential, above 6,000 kWh	30	33
Commercial, private health and education, up to 6,000 kWh	22	25
Commercial, private health and education, above 6,000 kWh	32	35
Industrial (transmission or distribution)	20	23
Government (single tier)	32	35

Source: Company announcements and anbc research

Cost structure is concentrated in fuel

Marafiq's largest cost line is fuel and chemicals, but the exposure is materially narrower than the headline. Under Tawreed's twenty-year supply agreement with Saudi Aramco, fuel purchased for the IWPP is reimbursed by the On-Sale Parties monthly without mark-up. We estimate close to two-thirds of the line is recovered on this basis, leaving roughly SAR 0.8 bn of own-generation fuel at Yanbu and Jazan exposed to price.

2025 gross margin reflected a non-recurring tariff reversal

Reported gross margin fell to 12.3% in 2025 from 22.6% in 2024. Following implementation of the High Intensity Electricity Consumption Tariff on 28 May 2025, the company recognized a one-time power revenue reversal of SAR 476 mn relating to prior periods, reflecting a retrospective tariff change from 18 to 12 halalas per kWh effective 1 January 2023. Management has confirmed the reversal is non-recurring and carried no associated cost. Adjusting for it, normalized 2025 gross margin was approximately 17.9%.

Margin recovery to the low twenties is driven by cost mix

We forecast gross margin of 16.4% in 2026e, improving to 21.5% by 2030f. Cost of revenue grows at a 4.6% CAGR over 2025–30f against revenue growth of 7.0%, and the resulting operating leverage is structural. The reimbursed portion of fuel scales with volume but contributes no margin, while depreciation, employee and maintenance costs escalate broadly with inflation, allowing rising utilization to spread a substantially fixed cost base across a larger revenue line. The conversion of Yanbu 2 from fuel oil to natural gas, which we assume completes in 2027, should reduce own-generation fuel intensity.

The Saudi Aramco energy price increase effective 1 January 2026 falls on liquid fuels, with natural gas pricing unchanged. On a 20% liquid fuel escalation against flat gas, the blended increase on the exposed cost base is 7.0%, translating into fuel and chemicals growth of 4.7% in 2026e.

Management is seeking compensation for the fuel cost increase and anticipates resolution of the pending regulated asset base mechanism, which would address the difference between required and actual revenue under approved tariffs. We do not factor either into our estimates and view both as upside risk to our forecasts.

Exclusive concessions and long-term contracts underpin earnings visibility

Marafiq benefits from a unique competitive position as the exclusive provider of integrated electricity, water, wastewater, gas, and seawater cooling services across Saudi Arabia's major industrial cities. The company operates under long-term concession agreements granted by the Royal Commission for Jubail and Yanbu (RCJY), giving it exclusive rights to own and operate utility infrastructure within Jubail Industrial City, Yanbu Industrial City, Ras Al Khair Industrial City (RIC), and Jazan City for Primary and Downstream Industries (JCPDI). The capital-intensive nature of utility infrastructure, together with exclusive concession rights, creates significant barriers to entry and supports predictable recurring cash flows with limited competitive pressure.

Marafiq's customer base is concentrated in large industrial and government-related entities operating within its concession areas, providing a high-quality demand profile with minimal credit risk and strong long-term consumption visibility. The concentration of industrial customers closely aligns the company's growth with continued expansion in Saudi Arabia's petrochemical, refining, mining, manufacturing, and downstream industries under Vision 2030.

Beyond its concession areas, Marafiq continues to expand through long-term public-private partnership (PPP) and concession projects, leveraging its technical expertise and operating track record. In 2025, the company secured a 30-year concession to develop the Industrial Wastewater Treatment Plant (IWWTP) for the Amiral project in Jubail II alongside Veolia Middle East and Lamar Arabia. The project has a total value of SAR 1.9 bn, with Marafiq holding a 40% stake, representing an economic interest of approximately SAR 750 mn over the concession period. Separately, Marafiq owns a 35% stake in the SAR 3.7 bn Al Haer Independent Sewage Treatment Plant (ISTP) in Riyadh under a 25-year concession, which is expected to begin contributing to earnings from 1Q27. These projects diversify the company's earnings base while increasing exposure to the structurally attractive wastewater treatment and water reuse segments.

Table 4: Contracts value and durations

Project	Location	Total Project Value	Marafiq Stake	Concession	Financial Impact
Al Haer ISTP	Riyadh	SAR 3.7 bn	35%	25 years	1Q27 onwards
AMIRAL IWWTP	Jubail	SAR 1.9 bn	40%	30 years	N/A

Source: Company financials and anbc research

Marafiq's strategic positioning is further reinforced by its shareholder base, which includes the Public Investment Fund (PIF), Saudi Aramco, SABIC, and the Royal Commission for Jubail and Yanbu. Beyond providing strong financial backing, these shareholders offer deep sector expertise, close alignment with national industrial development priorities, and support for the company's long-term growth strategy. Combined with exclusive concession rights, long-duration contracted assets, and a high-quality industrial customer base, this positions Marafiq to deliver resilient cash flows, strong earnings visibility, and sustainable long-term growth.

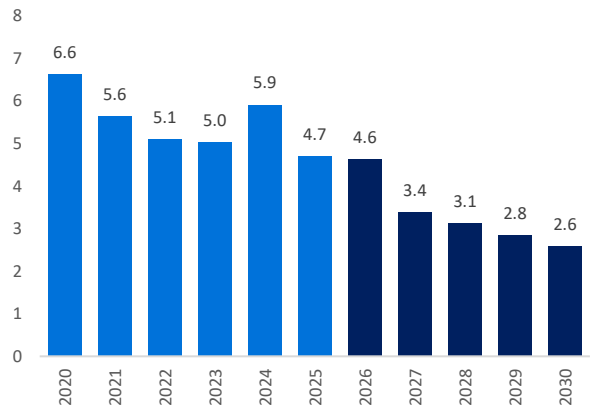
Strong balance sheet enables capex growth and sustainable dividend distribution

Marafiq has significantly strengthened its balance sheet, with net debt-to-EBITDA declining from 6.6x in 2020 to 4.7x in 2025, driven by debt repayment and solid EBITDA growth. EBITDA increased at a 2020–25 CAGR of 7.1%, supported by improving operating performance. We forecast net debt-to-EBITDA to decline further to 2.6x by 2030f, while EBITDA is expected to reach SAR 3.8 bn, representing a 2025-30f CAGR of 6.1%.

The improving balance sheet enhances the sustainability of the company's dividend policy by increasing financial flexibility and reducing leverage. We expect strong operating cash flow generation, operating cash flow that covers a rising capital expenditure program (SAR 1.0–1.8 bn per year over 2026e–30f), and management's intention to avoid raising additional debt to support this deleveraging trend while funding future growth.

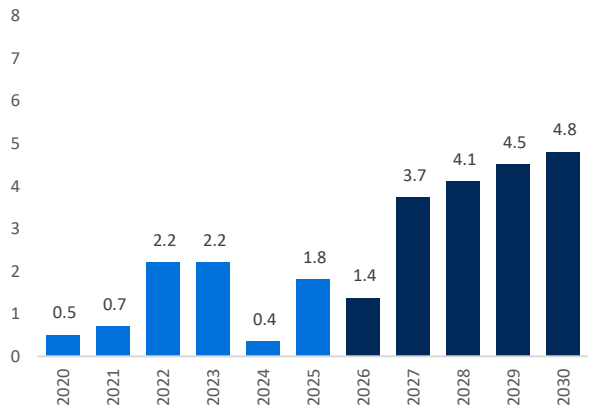
We project the company will maintain an 80% dividend payout ratio in 2026e and a 70% payout ratio from 2027f to 2030f as it scales its capital expenditure program. With distributions remaining semi-annual, this policy translates to a 2027f forward dividend yield of 8.3%.

Chart 32: Net debt to EBITDA (x)



Source: Company financials and anbc research

Chart 33: Dividend per share (SAR)



Source: Company financials and anbc research

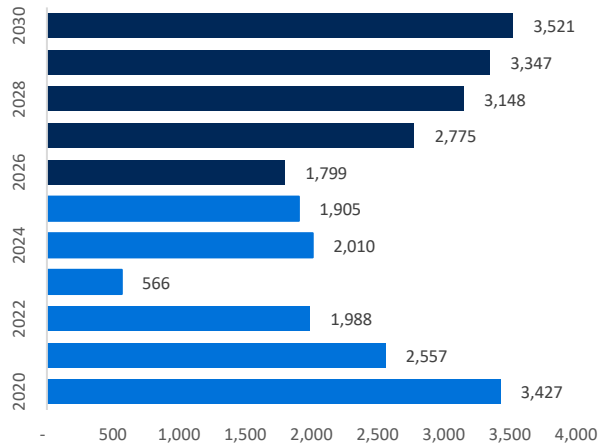
Strong operating cash flow funds a rising capex program

Marafiq benefits from a capital efficient expansion model across the newer Royal Commission industrial cities, where the Royal Commission for Jubail and Yanbu (RCJY) develops and owns a significant portion of the transmission and

distribution infrastructure before transferring these assets to Marafiq under long-term finance lease arrangements. This structure materially reduces the company's upfront capital expenditure requirements while granting Marafiq the right to operate and maintain the assets throughout the lease period.

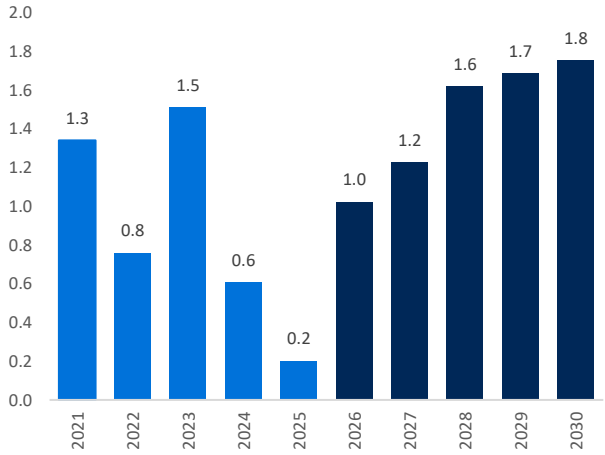
Unlike a fully integrated utility developer, Marafiq is generally not required to fund the construction of transmission and distribution networks in Ras Al Khair Industrial City (RIC) and Jazan City for Primary and Downstream Industries (JCPDI). Instead, the company primarily invests in generation, desalination, wastewater treatment, and other utility production assets required under its concession agreements. This allocation of responsibilities lowers capital intensity, improves capital efficiency, and preserves financial flexibility while supporting long-term growth across its concession areas.

Chart 34: Cashflow from operations (SAR mn)



Source: Company financials and anbc research

Chart 35: Capital expenditure (SAR mn)



Source: Company financials and anbc research

The benefits of this model are reflected in Marafiq's cash flow profile. Operating cash flow reached SAR 1.9 bn in 2025 and we forecast it to rise to SAR 3.5 bn by 2030f, a 2025–30f CAGR of 13.1%. Capital expenditure steps up materially over the same period, from SAR 200 mn in 2025 to SAR 1.0 bn in 2026e and SAR 1.8 bn by 2030f, as the AMIRAL IWWTP and Al Haer ISTP move through construction and the Yanbu 2 gas conversion completes. Free cash flow therefore remains comfortably positive throughout our forecast period, but the gap between operating cash flow and capital expenditure narrows rather than widens.

Valuation

We have used a blended approach to value Marafiq, assigning equal weight to DDM and EV/EBITDA based valuations. The yielded target prices of SAR 45.7/share and SAR 66.2/share, respectively, lead to a final target price of SAR 55.9/share, implying a capital upside of 24.3%. We initiate coverage with an 'Overweight' rating, as we believe Marafiq is well positioned to benefit from the growing demand for water and power utilities across Saudi Arabia's Royal Commission cities, supported by ongoing industrial expansion and Vision 2030 initiatives.

Blended Valuation

Valuation metric	Weight	Price
DDM	50%	45.7
EV/EBITDA	50%	66.2
Target Price		**55.9**

Dividend Discount Model

We used a DDM, applying a beta of 1.1, a risk-free rate of 5.8%, and a market risk premium of 5.4%, resulting in a cost of equity of 11.9%.

SAR mn	2028F	2029F	2030F	2031F	2032F
DDM	1,027	1,125	1,198	1,239	1,279
Terminal Value	-	-	-	-	12,712
DDM + Terminal	1,027	1,125	1,198	1,239	13,991
Discounted DDM	918	898	854	789	7,958
Equity Value	11,417				
Target Price	**45.7**				

Sensitivity Analysis on DDM Valuation

Cost of Equity	Growth Rate				
	1.5%	**1.8%**	**2.0%**	**2.3%**	**2.5%**
9.9%	54.7	56.0	57.3	58.6	60.1
10.9%	48.9	49.8	50.8	51.9	53.0
11.9%	44.1	44.9	**45.7**	46.5	47.3
12.9%	40.2	40.8	41.5	42.1	42.8
13.9%	37.0	37.5	38.0	38.5	39.0

Source: anbc research

EV/EBITDA Valuation

With respect to EV/EBITDA multiple, applying the peer median forward EV/EBITDA of 7.9x to 2027f EBITDA of SAR 3,498 mn gives an enterprise value of SAR 27,703 mn and, net of SAR 11,145 mn of net debt (debt of SAR 11,816 mn less cash of SAR 670 mn), an equity value of SAR 66.2/share.

Name	Mkt Cap (USD bn)	EV/EBITDA (x)
California Water Service Group	2.8	10.4
Aguas Andinas Sa-A	2.0	7.9
Beijing Enterprises Water Gr	2.0	17.9
Cia Saneamento Do Parana-Prf	1.9	3.9
Manila Water Company	1.4	7.6
Ttw Pcl	1.2	11.5
Jiangsu Jiangnan Water Co-A	0.9	7.0
Median		**7.9**

SAR mn	
Comparable EV/EBITDA (x)	7.9
2027E EBITDA	3,498
Enterprise Value	27,703
Equity Value	16,558
No of shares	250
Fair value	**66.2**

Company Overview

Marafiq is one of Saudi Arabia's leading integrated utility providers, supplying power, water, wastewater treatment, seawater cooling, and gas distribution services to industrial, commercial, residential, and governmental customers. The company plays a critical role in supporting the Kingdom's industrial and urban development by providing essential utility infrastructure across Jubail, Yanbu, Jazan, Ras Al-Khair, and Jeddah.

The company operates through three core business segments: Power, Water, and Gas. The Power segment includes electricity generation, transmission, and distribution services. Marafiq generates electricity at its power plants in Yanbu and Jazan, while electricity in Jubail is primarily sourced through the Tawreed arrangement, under which the company purchases power from Jubail Water and Power Company (JWAP) and distributes it to end users. The Water segment comprises desalinated water production, seawater cooling, and wastewater treatment services. Marafiq produces potable and industrial water, supplies treated seawater for industrial cooling applications, and treats wastewater for reuse or environmentally compliant disposal. The Gas segment focuses on the distribution of natural gas to industrial customers, primarily through its network in Yanbu Light Industrial Park.

Table 5: Marafiq services region-wise

Services	Description
Jubail	
Water supply (drinking & industrial)	Production of potable and industrial water via desalination and external sources, then storage and distribution to all users.
Seawater cooling	Large-scale seawater supply for cooling needs of industrial and petrochemical facilities.
Wastewater management	Collection and treatment of municipal and industrial wastewater for safe reuse or discharge.
Irrigation of water reuse	Treated wastewater reused for landscaping, green belts, and non-potable applications.
Yanbu	
Power generation & distribution	Electricity produced from gas, oil, and steam plants, then transmitted and distributed to residential, commercial, government, and industrial users.
Water supply (drinking & process)	Drinking water produced via RO and MED desalination, stored in tanks, and distributed along with process water for industrial use.
Seawater cooling	Large-scale seawater supply used by industries for cooling equipment and processes.
Steam supply	Steam generated from power plants and supplied to industries for energy, heating, and process use.
Gas distribution	Dry gas supplied from Saudi Aramco to power plants and industrial facilities.
Wastewater management	Collection and treatment of municipal and industrial wastewater for reuse or safe discharge.
Irrigation of water reuse	Treated wastewater reused for parks, green belts, landscaping, and limited industrial use.
Ras Al-khair	
Water supply (drinking water)	Purchased desalinated water from SWA, pumped and distributed to residential, commercial, government, and industrial users.
Seawater cooling	Large-volume seawater supplied to industries for cooling processes and equipment.
Wastewater management	Collection and treatment of municipal and industrial wastewater for reuse or safe discharge.
Irrigation water reuse	Treated wastewater reused for landscaping, green belts, and limited industrial applications.
Jazan	
Power supply	Electricity supplied through substations and national grid interconnection to all sectors including industrial and residential users.
Water supply (drinking & industrial)	RO-based desalinated drinking water and industrial water supplied for consumption and industrial operations.
Seawater/industrial cooling	High-volume water supply used for industrial cooling and process requirements.
Wastewater management	Collection and treatment of wastewater with partial reuse and safe discharge.
Irrigation water reuse	Treated wastewater reused for green belts, landscaping, and environmental sustainability.

Source: Company financials, anbc research

Marafiq's diversified services portfolio is supported by its wide network of subsidiaries operating across the KSA

Table 6: Marafiq – Subsidiaries and Associates Ownership Structure

Company	Ownership%	Country
Direct		
MaSa Services Company for Operation and Maintenance (MaSa Services)	100%	KSA
Marafiq Water and Power Supply Company (Tawreed)	100%	KSA
Marafiq Insurance Limited (MIL)	100%	Guernsey
Jeddah Althaniya Operations and Maintenance Company (JAOMC)	100%	KSA
Jeddah Althaniya Water Company (JAWC)	45%	KSA
Jubail Water and Power Company (JWAP)	30%	KSA
Jubail and Yanbu District Cooling Company (Marafiq Cool)	20%	KSA
Al-Haer Environmental Services Company (Al-Haer ISTP Project Company)	35%	KSA
Al-Haer Operations Company (Al-Haer ISTP O&M Company)	45%	KSA

Source: Company financials, anbc research

Financial Overview

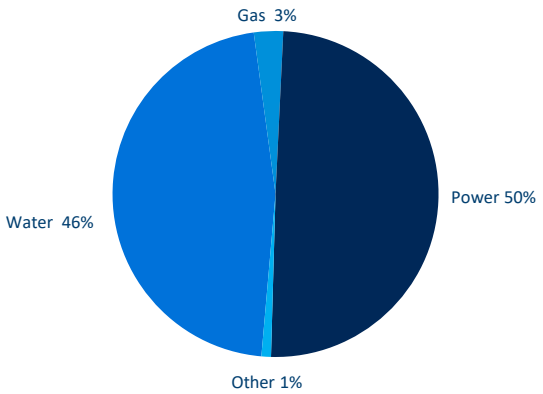
Marafiq operates through three main verticals: 1) Power, 2) Water, and 3) Gas. The Power segment is the largest contributor, accounting for 50% of total revenue in 2025, followed by Water at 46% and Gas at 3%. Geographically, Jubail remains the core market, representing 70% of total revenue in 2025, followed by Yanbu at 28%, while Jazan, Ras Al-Khair, and Jeddah collectively contributed 2%.

Table 7: Revenue Profile – Segment wise

Segment	Description
Power	Generation, transmission, and distribution of electricity to industrial, commercial, residential, and government customers across Jubail, Yanbu, Jazan, and Ras Al-Khair.
Water	Production, desalination, treatment, transmission, and distribution of potable and industrial water, along with wastewater collection, treatment, and reuse services.
Gas	Natural gas distribution and related infrastructure services for industrial customers, including gas network operation, maintenance, and supply management.

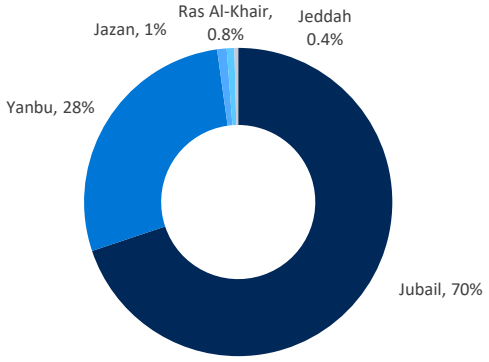
Source: Company financials, anbc research

Chart 36: Revenue by segment (%) - 2025



Source: Company financials, anbc research

Chart 37: Revenue by region (%) - 2025



Source: Company financials, anbc research

Marafiq's revenue grew at a CAGR of 2.9% between 2020 and 2025, increasing from SAR 6.0 bn to SAR 7.0 bn. The power segment was the largest contributor, accounting for 50% of total revenue in 2025 and growing at a CAGR of 2.2% during 2020–25, from SAR 3.1 bn in 2020 to SAR 3.5 bn in 2025. This was followed by the water segment, which contributed 46% of revenue in 2025 and grew at a CAGR of 2.3% during 2020–25, increasing from SAR 2.9 bn to SAR

3.2 bn. The gas segment recorded the highest growth, with a CAGR of 39.6% during 2020-25, rising from SAR 38 mn in 2020 to SAR 203 mn in 2025, although it contributed only 3% of total revenue in 2025.

Financial Summary

Income statement (SAR mn)	2024a	2025a	2026e	2027f	2028f	2029f	2030f	CAGR 2025-2030f
Revenue	6,924	6,984	7,720	8,797	9,112	9,440	9,782	7%
Cost of Revenue	(5,361)	(6,128)	(6,457)	(6,793)	(7,075)	(7,369)	(7,675)	5%
Gross Profit	**1,563**	**856**	**1,264**	**2,004**	**2,037**	**2,071**	**2,107**	**20%**
Operating Expenses	575	(437)	109	122	127	124	128	nm
EBIT	989	1,293	1,155	1,882	1,910	1,947	1,979	**9%**
Dep & Amort	1,499	1,532	1,569	1,616	1,679	1,744	1,813	
EBITDA	**2,488**	**2,824**	**2,724**	**3,498**	**3,589**	**3,692**	**3,792**	**6%**
Finance Cost	(1,043)	(942)	(842)	(707)	(592)	(481)	(403)	-16%
Finance income	79	77	131	124	118	114	114	8%
Profit Before Tax	**79**	**494**	**435**	**1,351**	**1,487**	**1,629**	**1,735**	**29%**
Zakat Tax	(21)	(7)	(6)	(18)	(20)	(22)	(23)	29%
PAT	**58**	**488**	**429**	**1,333**	**1,467**	**1,607**	**1,712**	**29%**
Number of Shares	250	250	250	250	250	250	250	0%
EPS	0.2	2.0	1.7	5.3	5.9	6.4	6.8	29%

Balance Sheet	2024a	2025a	2026e	2027f	2028f	2029f	2030f	
Property & equipment	14,437	13,806	13,646	13,482	13,312	13,137	12,958	-1%
Right to use asset	4,685	3,987	3,599	3,372	3,481	3,596	3,716	-1%
Others	900	843	864	884	889	845	801	-1%
Intangible asset	8	6	6	5	5	5	4	-7%
Non-current assets	**20,031**	**18,642**	**18,115**	**17,743**	**17,687**	**17,583**	**17,479**	**-1%**
Trade receivables	670	981	1,183	1,355	1,404	1,462	1,523	9%
Cash and Cash equivalents	1,453	1,047	838	670	536	429	343	-20%
Others	482	1,113	1,152	1,221	1,241	1,262	1,284	3%
Inventories	357	369	305	321	334	348	362	0%
Current Asset	**2,962**	**3,511**	**3,478**	**3,567**	**3,515**	**3,501**	**3,512**	**0%**
Total Assets	**22,993**	**22,153**	**21,592**	**21,309**	**21,202**	**21,083**	**20,991**	**-1%**
Share capital	2,500	2,500	2,500	2,500	2,500	2,500	2,500	0%
Retained earnings	2,613	3,051	3,137	3,536	3,977	4,459	4,972	10%
Statutory reserve	-	-	-	-	-	-	-	
Total Equity	**5,224**	**5,610**	**5,696**	**6,095**	**6,536**	**7,018**	**7,531**	**6%**
Loan and borrowings	5,863	5,869	5,869	5,869	5,869	5,869	5,869	0%
Lease liabilities	6,975	5,980	5,172	4,473	3,868	3,345	2,893	-14%
Other non-current liabilities	1,529	1,563	1,563	1,575	1,589	1,605	1,622	
Non-current liabilities	**14,367**	**13,412**	**12,603**	**11,917**	**11,326**	**10,819**	**10,385**	**-5%**
Trade payables	689	781	774	814	848	883	920	3%
Loan and borrowings	288	-	352	429	537	487	339	nm
Lease liabilities	1,557	1,397	1,208	1,045	904	782	676	-14%
Other current liabilities	867	953	959	1,009	1,051	1,095	1,140	4%
Current Liabilities	**3,401**	**3,131**	**3,294**	**3,297**	**3,340**	**3,247**	**3,075**	-0%
Total liabilities & equity	**22,993**	**22,153**	**21,592**	**21,309**	**21,202**	**21,083**	**20,991**	**-1%**

Source: Company financials, anbc research

Valuation Ratios	2024a	2025a	2026e	2027f	2028f	2029f	2030f
EPS (SAR)	0.2	2.0	1.7	5.3	5.9	6.4	6.8
DPS (SAR)	0.4	1.8	1.4	3.7	4.1	4.5	4.8
BVPS (SAR)	20.9	22.4	22.8	24.4	26.1	28.1	30.1
PER (x)	237.7	18.9	26.2	8.4	7.7	7.0	6.6
DY (%)	0.6	4.9	3.1	8.3	9.1	10.0	10.7
PBV (x)	2.6	1.6	2.0	1.8	1.7	1.6	1.5
EV/Sales (x)	3.9	3.1	3.0	2.5	2.4	2.3	2.1
Price/Sales (x)	2.0	1.3	1.5	1.3	1.2	1.2	1.2
EV/EBITDA (x)	10.8	7.6	8.4	6.4	6.1	5.8	5.5
Margins (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Gross Margins	22.6	12.3	16.4	22.8	22.4	21.9	21.5
EBITDA Margins	35.9	40.4	35.3	39.8	39.4	39.1	38.8
Operating Margins	14.3	18.5	15.0	21.4	21.0	20.6	20.2
Net Margins	0.8	7.0	5.6	15.2	16.1	17.0	17.5
Returns (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
ROA	0.2	2.2	2.0	6.2	6.9	7.6	8.1
ROE	1.1	9.0	7.6	22.6	23.2	23.7	23.5
Health Ratios (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Debt to Asset	63.9	59.8	58.4	55.4	52.7	49.7	46.6
Debt to Equity	281.1	236.1	221.2	193.8	171.0	149.4	129.8
Debt to Capital	73.8	70.2	68.9	66.0	63.1	59.9	56.5
Activity Ratio	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Current Ratio	0.9	1.1	1.1	1.1	1.1	1.1	1.1
Days Sales Outstanding	43.2	51.2	52.7	55.3	55.4	55.7	55.8
Days Sales in Inventory	21.6	19.1	16.8	16.9	16.9	16.9	16.9
Days Payable Outstanding	43.8	43.9	42.7	42.9	42.9	42.9	42.9
Cash Conversion Cycle	21.0	26.3	26.8	29.3	29.4	29.7	29.8
Growth Ratios (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Revenue Growth	8.5	0.9	10.5	13.9	3.6	3.6	3.6
Gross Profit Growth	-8.7	-45.2	47.7	58.6	1.6	1.7	1.7
EBITDA Growth	-19.4	13.5	-3.6	28.4	2.6	2.9	2.7
Operating Profit Growth	-38.0	30.8	-10.7	63.0	1.5	2.0	1.6
Net Profit Growth	-90.2	746.4	-12.0	210.6	10.1	9.5	6.5

Source: Company financials, anbc research

INITIATION OF COVERAGE

Alkhorayef Water and Power Technologies Co.

17 November 2026

We initiate coverage on Alkhorayef Water and Power Technologies Co. (AWPT) with an 'Overweight' rating and a target price of SAR 96.6/share. As Saudi Arabia's dominant water and wastewater O&M operator with approximately 50% market share, AWPT is structurally positioned to capture the largest share of NWC's USD 74.6 bn five-year capital program, a spending cycle underpinned by Vision 2030 coverage targets. We forecast revenue to grow at a 5-year CAGR of 5.5% over 2025–30f, underpinned by a backlog of SAR 10.2 bn at end-2025, up from SAR 3.6 bn in 2022, providing strong near-to medium-term revenue visibility. Gross margins, which troughed at 15.7% in 2023 during an intensive LTOM onboarding phase, are expected to recover to 21.8% by 2030f as the revenue mix normalises in favour of high-margin O&M and concession revenues. With a 30% ROE, an improving cash generation profile, and a pipeline of long-term privatisation contracts, AWPT offers a compelling combination of earnings visibility and re-rating potential at current levels.

NWC capex pipeline as a multi-year revenue catalyst. NWC's national investment program provides a sustainable demand runway that extends well beyond any individual contract cycle. AWPT's backlog of SAR 10.2 bn at Dec 2025 (vs. SAR 3.6 bn in 2022) is direct evidence that it is capturing this pipeline. Each new project awarded also creates a future O&M contract, compounding the growth effect over time.

Margin expansion and earnings quality improvement as revenue mix shifts. AWPT's gross margins compressed from 27% in 2020 to a trough of 16% in 2023, an intentional consequence of scaling project services revenue by 5.3x over the same period. Currently, top-line growth has normalized, the expanded workforce has been productively absorbed, and fixed costs are being leveraged across a materially larger revenue base. We expect gross margins to recover from 18.6% in 2025 to 21.8% by 2030f, well within management's 20–22% target range, with the resulting operating leverage flowing through to net margins

AWPT has a dominant share in the Saudi water O&M space. AWPT holds approximately 50% of the Saudi water O&M market, built over three decades of uninterrupted operational presence across all 13 administrative regions. Its 8,500-strong workforce, 22 field workshops, 42,650 km of managed networks, and 3.95 mn m^3/day treatment capacity represent infrastructure that would take competitors considerable time and capital to replicate. NWC's LTOM qualification framework requires demonstrated large-scale operational history that limits the field to a narrow group of global players with less Saudi-specific experience than AWPT.

Valuation. We value AWPT using DCF valuation methodology. Our DCF-based target price is SAR 96.6/share based on 2% terminal growth and 8.4% WACC. The stock looks attractive at current levels on the back of upcoming projects which AWPT is well-placed to benefit from. We expect revenue to grow at a 5-year CAGR of 5.5% over 2025–30f. Hence, we initiate coverage on AWPT with an "Overweight" recommendation.

Key risks. Slowdown in NWC's capex program would slow backlog conversion, O&M contracts are periodically re-bid, and more competitive tenders could compress margins, slower government payments would weigh on cash flow.

RATING SUMMARY	OVERWEIGHT
Target Price (SAR)	96.6
Upside/Downside (%)	18.4
Div. Yield (%)	2.8
Total Exp. Return (%)	21.1

Source: Company financials, anbc research

ISSUER INFORMATION	
Bloomberg Code	AWPT AB
Last Price (SAR)	81.7
No of Shares (mn)	35.0
Market Cap bn (SAR/USD)	2.9/0.8
52-week High / Low (SAR)	143.0/75.4
12-month ADTV (mn) (SAR/USD)	11.5/3.0
Free Float (%)	56.6
Foreign Holdings (%)	7.4

Last price as of November 16th, 2026

VALUATIONS

	2025a	2026e	2027f	2028f
EPS (SAR)	7.3	7.9	9.2	12.1
PER (x)	18.4	10.3	8.9	6.7
PBV (x)	5.1	2.5	2.1	1.7
DPS (SAR)	1.8	2.0	2.3	3.0
Div. Yield (%)	1.3	2.4	2.8	3.7
RoE (%)	30.2	27.2	25.9	27.8
RoA (%)	9.4	8.8	9.1	10.3

Source: Company financials, anbc research

FINANCIALS (SAR mn)

	2025a	2026e	2027f	2028f
Revenue	2,474	2,100	2,689	2,934
Gross Profit	461	474	521	632
EBITDA	364	392	445	558
Net Income	256	278	323	423

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

Investment Thesis

NWC capex pipeline as a multi-year revenue catalyst

The NWC capex pipeline is not a generic sector tailwind; it is a quantified, project-level, budgeted investment program that aligns closely with AWPT's three business segments. NWC's five-year capital plan encompasses 3,054 projects with a total budget of SAR 279.8 bn (USD 74.6 bn), of which SAR 231.4 bn (USD 61.7 bn) is earmarked for water networks and wastewater collection infrastructure, precisely the domains in which AWPT has accumulated over three decades of operational depth.

The SAR 110.7 bn (USD 29.5 bn) water distribution program (1,434 projects) and SAR 120.6 bn (USD 32.2 bn) wastewater collection program (1,171 projects) align directly with AWPT's two largest reportable segments: Water Services, which contributed 48.2% of 2025 revenue, and Wastewater Services at 39.1%, with Integrated Water Solutions making up the remaining 12.7%. NWC's strategic targets include 85% water coverage, 70% wastewater coverage, 100% wastewater collection and 100% tertiary treatment, against current coverage of 85.9% (water) and 68.1% (wastewater) as of March 2026 (NWC). This capital program is structural rather than cyclical, and is targeted for completion by 2030.

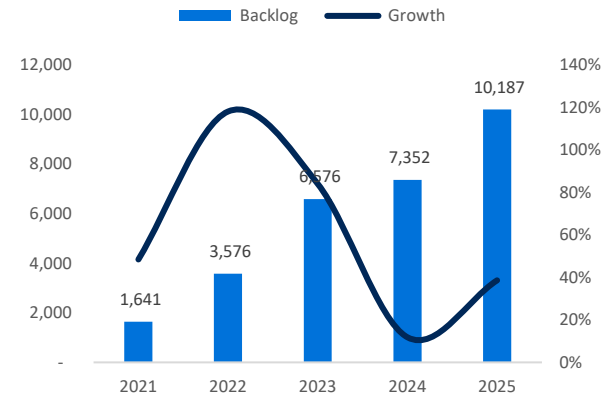
Beyond NWC's EPC and conventional O&M program, the privatization overlay creates a structurally superior category of opportunity for AWPT. The LTOM Phase 2 program, covering 117 sewage treatment plants across 10 packages, total design capacity of 2.5 mn m^3/day, estimated budget of SAR 12.5 bn, is designed specifically to transfer brownfield O&M responsibilities to qualified private operators under 15-year concession agreements.

AWPT won 3 of 8 packages in Phase 1 (LTOM5, LTOM6, LTOM7), securing SAR 5.5 bn in contract value covering 2.04 mn m^3/day of the Kingdom's sewage treatment capacity. It has qualified for all 10 packages in Phase 2. In parallel, Sharakat is procuring 32 BOT projects (10 under active procurement, 22 to be released within 24 months) representing SAR 75 bn (USD 20 bn) in capital investment, and WTCO is overseeing 392 EPC projects worth SAR 153.8 bn (USD 41 bn) in water transmission and strategic storage. AWPT has already demonstrated its ability to compete, and win, across all three procurement channels simultaneously.

The backlog trajectory renders the investment case in numbers. From SAR 483 mn in 2017 to SAR 10.2 bn in 2025, AWPT's backlog has grown 21x over eight years, with the highest-growth phase concentrated precisely in the post-2022 period when the NWC/Sharakat privatization pipeline went live. The 2022–2025 inflection is not coincidental: it corresponds directly to the award of LTOM5 (SAR 1.6 bn), LTOM6 (SAR 2.18 bn), LTOM7 (SAR 1.72 bn), and the Rayis-Rabigh IWTP (SAR 8.4 bn, AWPT's 50% share). In 2025 alone, AWPT secured SAR 5.3 bn in new contract awards, the highest single-year addition in the company's history, bringing total new privatization contract wins since 2023 to approximately SAR 12.8 bn.

At the current backlog of SAR 10.19 bn against 2025 revenues of SAR 2.47 bn, the company carries 4.1 years of forward revenue coverage. Critically, this does not include the SAR 3.1 bn held at the associated company level (the Rayis-Rabigh SPV and similar structures), nor does it include the SAR 4.72 bn in PPP revenues contractually scheduled beyond 2030, the long-duration annuity tail that the concession portfolio generates well past the typical backlog recognition horizon.

Chart 38: Backlog trend (SAR mn)



Source: Company financials, anbc research

Chart 39: New contracts trend (SAR mn)



Source: Company financials, anbc research

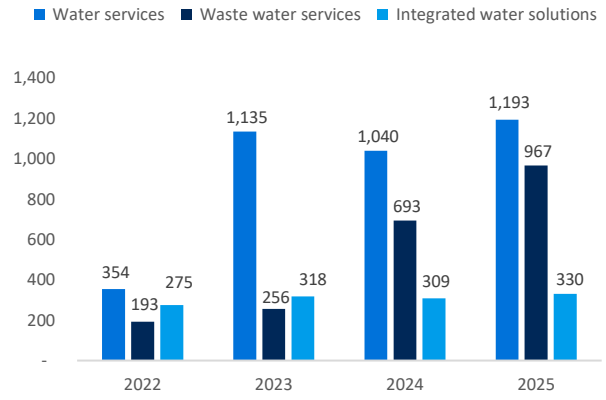
The backlog stands at SAR 10.2 bn as of 2025. Management discloses that 73% is classified as Long-Term (15–35 year concession contracts), 16% as O&M, and 11% as EPC. This means nearly three-quarters of AWPT's outstanding backlog is not ordinary construction work that disappears after completion, it is recurring, annuity-structured revenue locked in by government concession agreements, making the backlog far more durable than its headline number implies.

Revenue mix: the flywheel in numbers

The evolution of AWPT's revenue by contract type is the clearest visual representation of the company's strategic transition. O&M revenue has grown from SAR 489 mn (86% of revenue) in 2021 to SAR 1.6 bn (65% of revenue) in 2025 in absolute terms, a 3.3x increase, while Project Services has simultaneously expanded from SAR 80 mn (14%) to SAR 862 mn (35%). The 2023 anomaly, when Project Services briefly exceeded O&M (54% vs. 46%), reflected the surge in EPC execution on newly awarded LTOM rehabilitation phases. By 2024 and 2025, O&M has reasserted dominance (68% and 65% respectively) as newly built assets transitioned into their long-term operational phases, precisely as the flywheel model predicts.

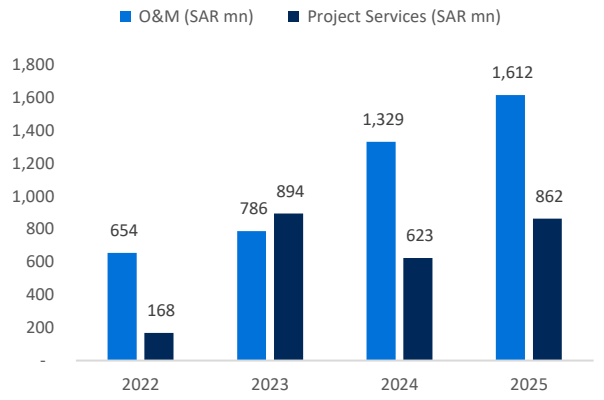
The margin implication of this mix is decisive. O&M gross margins in 2025 stood at 26%, compared to just 4% for Project Services, a spread that reflects the inherent economics of recurring, performance-based service contracts versus competitive lump-sum EPC work. As the LTOM portfolio matures and more contracts enter their stable O&M phases post-rehabilitation, the O&M revenue share is expected to re-expand toward 70–75%. The wastewater segment, which grew 40% YoY in 2025 to SAR 965 mn and now carries a backlog of SAR 6.48 bn (64% of total AWPT backlog), is the segment where this margin re-rating is most pronounced, as the LTOM5/6/7 concessions move fully into their O&M phases.

Chart 40: Revenue by segment, before provision



Source: Company financials, anbc research

Chart 41: Revenue by contract type



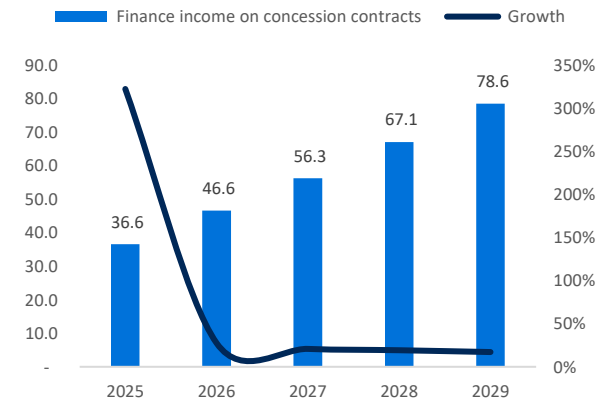
Source: Company financials, anbc research

IFRIC 12: an underappreciated earnings compounder

Under IFRIC 12, AWPT's rehabilitation expenditure on LTOM contracts is recognized as a financial asset, not a fixed asset, on the balance sheet. The "finance income" line is the contractual yield on that asset, paid by NWC through the Fixed Cost Recovery Charge as AWPT rehabilitates and operates the sewage treatment plants. This is not passive interest income; it is the direct economic return on operating 2.04 mn m³/day of the Kingdom's sewage infrastructure under sovereign-backed concession agreements.

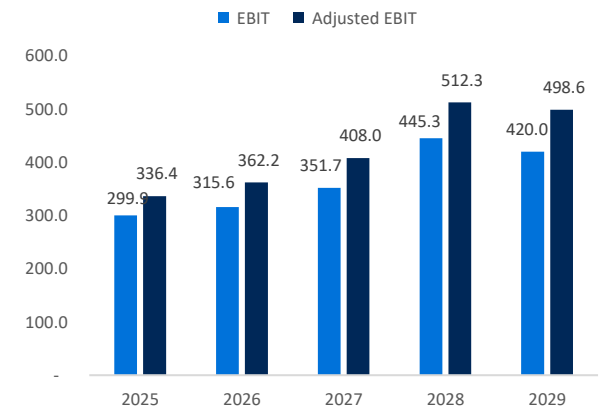
This income stream grew 322% YoY, from SAR 8.7 mn in 2024 to SAR 36.6 mn in 2025, as LTOM5 (Manfouha, financial close March 2024), LTOM6 (Heet & Al-Hayer, financial close May 2024), and LTOM7 (Al Ahsa, financial close September 2024) all moved into active financial asset recognition. When added back to reported EBIT of SAR 299.9 mn, adjusted operational EBIT rises to SAR 336.5 mn, 9.6% above the prior year figure, a materially stronger trajectory than the flat reported EBIT would suggest. As LTOM7 reaches full recognition run-rate, and as the Jazan SSTP (preferred bidder, 25-year BOOT concession) and Ar Rjum water pipeline (preferred bidder, 15-year WTA) reach financial close and enter concession phase, management expects this income line to grow by multiples of its current level, becoming a structural, high-margin annuity that anchors earnings well beyond the construction cycle.

Chart 42: Finance income on concession contracts



Source: Company financials, anbc research

Chart 43: EBIT adjusted for finance income



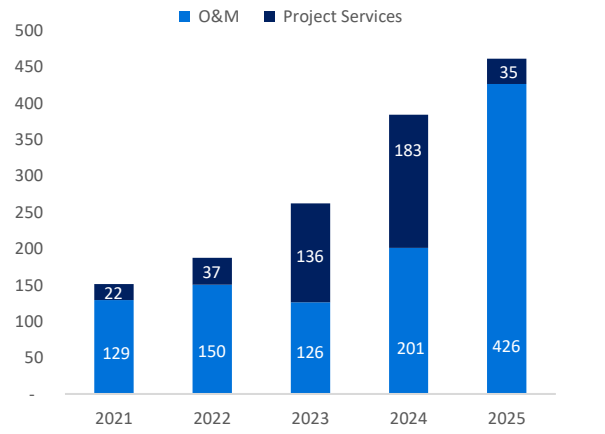
Source: Company financials, anbc research

Gross margin recovery: O&M re-dominance as LTOM matures

Gross margin recovery is a function of contract lifecycle mechanics, not market conditions. O&M gross margins troughed at 16% in FY2023 when AWPT was simultaneously onboarding three LTOM concessions, each demanding front-loaded recruitment, mobilization, and rehabilitation management costs. By 2025, O&M margins had recovered to 26%, matching the pre-privatization peak despite an O&M revenue base 3.3x larger, confirming that the cost structure absorbed rather than diluted the expansion. The contrast with Project Services is instructive, its margins compressed to 4% in 2025 from 23% the prior year, a spread that structurally validates AWPT's strategy of growing the concession book at the expense of EPC volume.

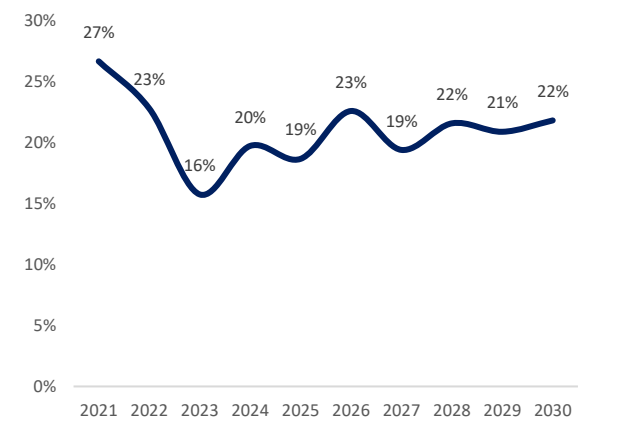
The wastewater segment captures the full arc of this transition, with segment gross margins expanding from 12% in 2023 to 42% in 2025 as LTOM assets shifted from construction to the Fixed Cost Recovery Charge regime. We estimate gross margins of 19.4% in 2027, reaching 21.5% by 2028 and 21.8% by 2030f, as LTOM7 reaches full run-rate, Jazan SSTP enters construction, and the concession-weighted revenue base compounds.

Chart 44: Gross Profit by Contract Type



Source: Company financials, anbc research

Chart 45: Gross margins trend



Source: Company financials, anbc research

AWPT leads the Saudi Water O&M space with ~50% share

The 50% O&M market share is not simply a win-rate statistic, it reflects over three decades of continuous operational presence that would be difficult for new entrants to replicate in the near term. AWPT currently employs over 8,500 people, manages 42,650 km of water and wastewater networks, and treats 3.95 mn m³/day of water and wastewater across the full value chain, serving communities across the Kingdom.

Its geographic footprint spans 90 active projects across all 13 administrative regions, supported by 22 field maintenance workshops that provide the rapid-response operational infrastructure non-incumbent competitors cannot replicate without a decade of capital commitment and regulatory approvals. For prospective entrants into the Saudi O&M market, this infrastructure is not something that can be acquired; it can only be built over time.

The barriers to entry in Saudi water O&M are simultaneously technical, regulatory, and relational. On the technical side, NWC's Long-Term O&M qualification framework requires demonstrated capacity to manage plants at the scale and complexity of AWPT's existing portfolio, a threshold that filters out all but a handful of global operators, none of whom have AWPT's Saudi-specific operational depth.

The Saudization premium: A compliance moat

NWC's LTOM concession qualification process and Sharakat's BOT bidder evaluation both embed Saudization compliance as a hard threshold, not a scoring factor. A competitor without a Platinum rating is effectively ineligible to bid as lead developer on the most strategically significant contracts in the market. For AWPT, whose Saudization rating has been maintained at Platinum across rapid headcount growth driven by the LTOM concession portfolio, this compliance posture is itself a competitive asset, one that compounds in value as the LTOM Phase 2 and SWPC BOT pipelines require even larger Saudi-national workforces as a condition of contract award.

The combined effect of operational scale, geographic footprint, regulatory compliance, and client relationships creates a self-reinforcing flywheel. O&M incumbency generates annual performance data that strengthens the technical track record required for LTOM qualification. LTOM contract wins add high-margin, long-duration revenue that funds the workforce investment needed to sustain Platinum status. Platinum status unlocks access to the next tranche of privatization contracts. Each cycle compounds the structural advantage, raising the barrier for any new entrant by another increment. At 50% O&M market share in a sector whose addressable opportunity is growing at double-digit rates through 2030, AWPT's existing book provides a high-visibility, margin-recovering earnings floor, and the optionality of Phase 2 LTOM.

Valuation

We have valued AWPT using a discounted cashflow model to arrive at our target price of SAR 96.6/share, providing a potential upside of 18.4%. We recommend an 'Overweight' rating on the stock as we see AWPT as a key beneficiary of Saudi Arabia's expanding water projects and privatization.

We used an FCFF-based model, applying a beta of 0.9, a risk-free rate of 5.8%, and an equity risk premium of 5.4%, resulting in a cost of equity of 10.5%. Incorporating a cost of debt of 4.6% and a 5% effective tax rate, we derive a weighted average cost of capital of 8.4%, applied with a terminal growth rate of 2.0%.

Moreover, AWPT is trading at a 2027f P/E of 8.9x, a 54% discount to its three-year average forward P/E of 19.4x.

SAR mn	2028F	2029F	2030F	2031F	2032F
FCFF	93	96	229	282	345
Terminal Value	-	-	-	-	5,496
FCFF + Terminal	93	96	229	282	5,841
Discounted FCFF	**86**	**81**	**179**	**204**	**3,901**

Enterprise Value	4,452
Cash	276
Debt	1,345
Equity Value	3,382
Target Price	**96.6**

WACC	Growth Rate				
	1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
6.4%	128.3	142.8	160.6	183.0	211.8
7.4%	101.3	111.1	122.7	136.6	153.8
8.4%	81.6	88.6	**96.6**	106.1	117.3
9.4%	66.7	71.8	77.7	84.4	92.2
10.4%	54.9	58.9	63.3	68.3	74.0

Source: Company financials, anbc research

Company Overview

Alkhorayef Water & Power Technologies (AWPT) is one of Saudi Arabia's leading integrated water and wastewater service providers, operating across the full value chain from operations and maintenance to engineering, procurement, and construction. Established in 1985 as a business unit within Abdullah Ibrahim Alkhorayef Sons Company and formally incorporated in 1991, AWPT has accumulated over three decades of institutional expertise serving the Kingdom's critical water infrastructure.

The Company's operations span three core segments: Water Services, which covers the operation and construction of potable water distribution networks and deepwater withdrawal and treatment facilities; Wastewater Services, encompassing wastewater network construction and sewage treatment plant operations; and Integrated Water Solutions, which includes city-wide water and wastewater management, storm water network construction, and asset management support services.

Revenues are generated through two contract structures, Operations and Maintenance (O&M) contracts that provide stable, recurring income over three-to-five-year terms renewed through government tenders, and Project Services contracts covering construction and engineering work tied to the Kingdom's ongoing infrastructure build-out.

Table 8: AWPT's services

Services	Description
Water Services	
Water Network O&M	Operation and maintenance of potable water distribution networks on behalf of MEWA and NWC
Water Network Project Services	Construction, installation, and commissioning of water distribution pipelines and pumping stations
Water Withdrawal & Treatment O&M	Operation and maintenance of deep-water wells, pumping stations, and water treatment facilities
Water Withdrawal & Treatment PS	Drilling, installation, rehabilitation, and upgrade of deep water well infrastructure
Wastewater Services	
Wastewater Network O&M	Operation and maintenance of sewage collection, conveyance networks, and lifting stations
Wastewater Network PS	Construction of sewage networks, pumping stations, and treated wastewater reuse networks
Wastewater Treatment O&M	Operation and maintenance of sewage treatment plants (STPs), including industrial wastewater facilities
Wastewater Treatment PS	Design, construction, and commissioning of new STP capacity; BOT/BOOT concession development
Integrated Water Solutions	
City Management Services	End-to-end water and wastewater O&M for entire municipal zones under NWC MOMC cluster contracts
Storm Water Network O&M	Operation and maintenance of storm drainage networks and flood-control lifting stations
Storm Water Network PS	Construction of storm drain networks and groundwater lowering systems
Water Management & Asset Services	Fabrication workshops, water/wastewater quality laboratories, leak detection, and asset lifecycle management

Source: Company financials, anbc research

AWPT's operational model is supported by two equity-accounted investees that extend its technical capabilities in project delivery. The first is Integrated Water Technology Development Company (IWTD), a 50%-owned joint venture established with Cobra Group of Spain (a subsidiary of ACS), through which AWPT executes its largest EPC contracts, including major wastewater treatment plant projects. The second investee is Environmental Water Company (EWC), a 49%-owned associate formed with Veolia Middle East, which provides advanced water treatment technology.

Table 9: AWPT's – Subsidiary/Associates Ownership Structure

Company	Ownership %	Country
Integrated Water Technology Development Co. (IWTD)	50%	KSA
Environmental Water Company (EWC)	49%	KSA

Source: Company financials, anbc research

Financial Overview

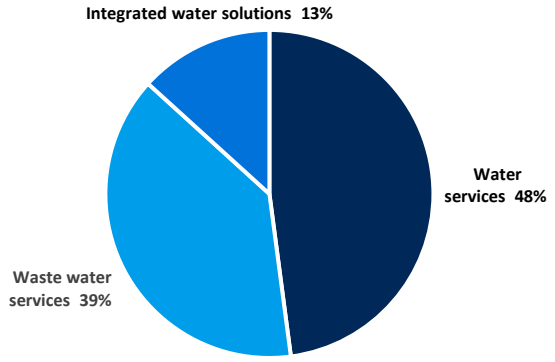
AWPT operates through three reportable segments: Water Services, Wastewater Services, and Integrated Water Solutions (IWS). Water Services is the largest contributor, accounting for 48.2% of total consolidated revenue in 2025, followed by Wastewater Services at 39.1% and IWS at 12.7%. Geographically, AWPT derives virtually all of its revenue from Saudi Arabia, operating under long-term contracts with the National Water Company (NWC) and the Saudi Water Authority (SWA), with an estimated 86% of revenues attributable to just two major customers. This concentration reflects the structure of Saudi Arabia's water sector, where NWC is the single national utility responsible for water and wastewater services across the Kingdom and its capital investment programme constitutes the primary addressable market for AWPT.

Table 10: Revenue Profile – Segment wise

Services	Description
Water Services	
Water Services	Operation and maintenance of water distribution networks across NWC service zones, design, procurement, and construction of water wells and treatment facilities, including desalination and deep-well systems
Wastewater Services	Engineering, procurement, and construction of sewage collection networks together with design-build-operate contracts for wastewater treatment plants, recognized under IFRIC 12 as service concession arrangements with NWC
Integrated Water Solutions (IWS)	Managed operations contracts (MOMC) for city-wide water and wastewater infrastructure, storm water network management, and water management services including field laboratories, leak detection, and asset optimization

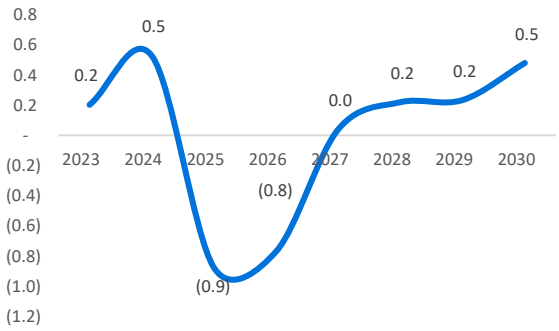
Source: Company financials, anbc research

Chart 46: Revenue by segment (%) - 2025



Source: Company financials, anbc research

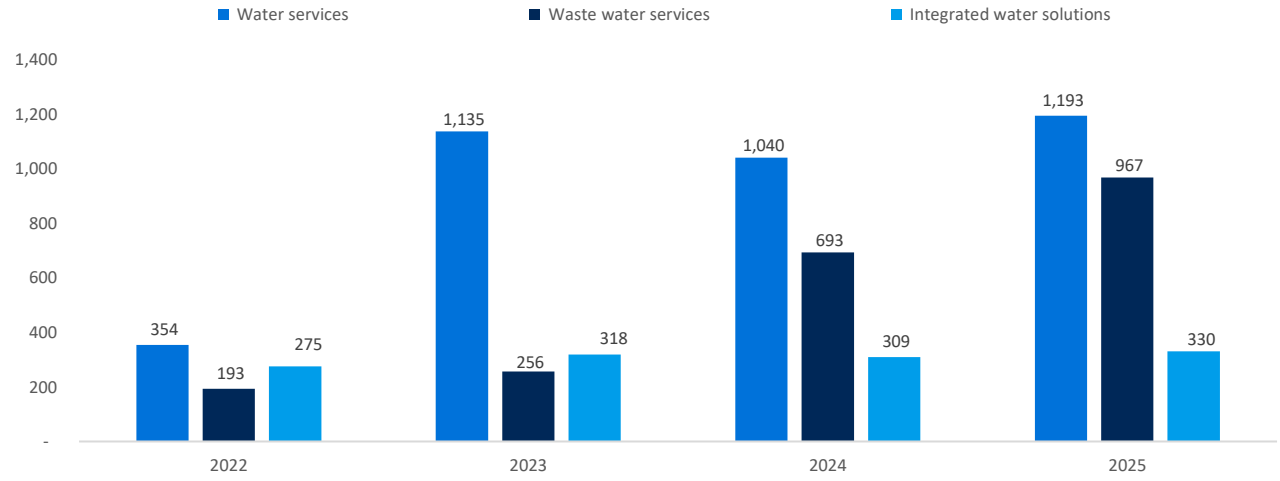
Chart 47: Free cash flow to net income



Source: Company financials, anbc research

AWPT revenue grew at a CAGR of approximately 36.6% between 2020 and 2025, rising from SAR 521 mn to SAR 2.47 bn. The growth trajectory was back-loaded: revenue rose 44.5% to SAR 822 mn in 2022 and more than doubled in 2023 to SAR 1.68 bn as AWPT began recognizing revenues from long-term O&M concession contracts with NWC under IFRIC 12, which requires revenue to be recorded over the life of service concession arrangements rather than on project completion. Revenue advanced further to SAR 1.95 bn in 2024 (+16.2%) on the back of wastewater treatment project activity, with growth moderating following the completion of several large EPC milestones. The company recovered sharply in 2025, with revenue rising 26.7% to SAR 2.47 bn, reflecting new contract awards

Chart 48: Segment-wise revenue before provision - SAR (mn)

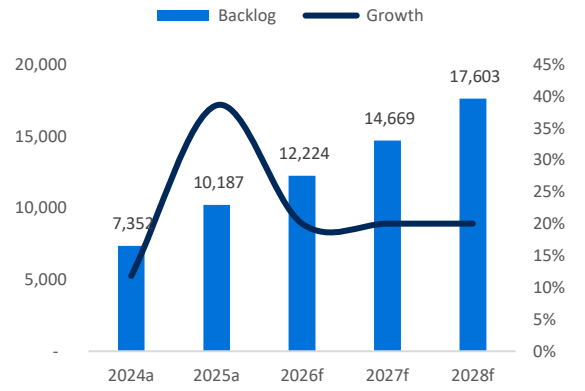


Source: Company financials, anbc research

The company's customer base is mainly public sector, with two major government customers accounting for approximately 86% of 2025 revenues. The National Water Company (NWC) is the dominant client across both O&M and project streams. The company's IFRS 15 remaining performance obligations (RPO) stood at SAR 5.49 bn as at end-2025, while total awarded backlog, including work not yet recognized under IFRS 15, stood at SAR 10.2 bn. A notable strategic development in recent years is AWPT's expansion into long-term service concession arrangements. During 2024, the company entered into three 15-year Long-Term Operation and Maintenance (LTOM) agreements with a government-related entity for the rehabilitation, operation, and maintenance of sewage treatment plants in Manfouha and Heet (Riyadh) and Al Ahsa (Eastern Province).

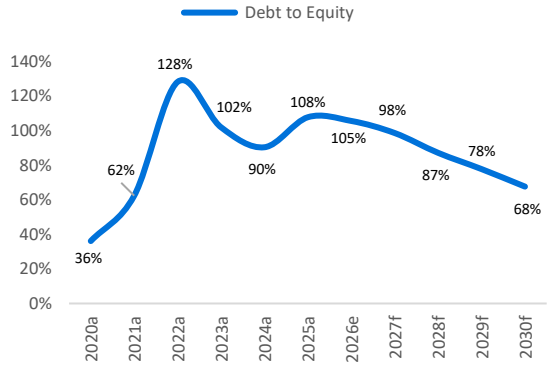
AWPT chart bank

Chart 49: Backlog forecast



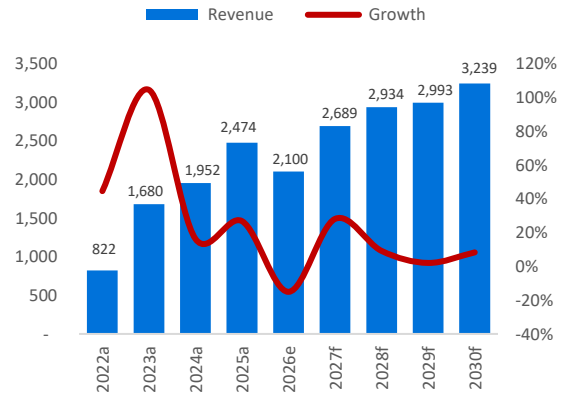
Source: Company financials, anbc research

Chart 50: Debt to Equity



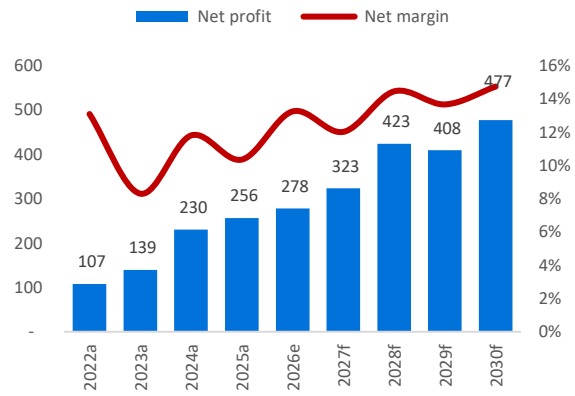
Source: Company financials, anbc research

Chart 51: Revenue to reach SAR 3.2 bn by 2030f



Source: Company financials, anbc research

Chart 52: Net margins to reach 15% by 2030



Source: Company financials, anbc research

Financial Summary

Income statement (SAR mn)	2024a	2025a	2026e	2027f	2028f	2029f	2030f	CAGR 2025-2030f
Revenue	1,952	2,474	2,100	2,689	2,934	2,993	3,239	6%
Cost of Revenue	(1,568)	(2,013)	(1,627)	(2,169)	(2,302)	(2,369)	(2,534)	5%
Gross Profit	**384**	**461**	**474**	**521**	**632**	**624**	**705**	**9%**
Operating Expenses	86	161	158	169	187	204	225	**7%**
EBIT	298	300	316	352	445	420	480	**10%**
Dep & Amort	56	65	77	93	113	138	168	
EBITDA	**354**	**364**	**392**	**445**	**558**	**558**	**648**	**12%**
Finance Cost	(48)	(65)	(66)	(66)	(67)	(71)	(73)	2%
Finance income	10	45	54	65	78	91	104	18%
Share of loss from associate	(13)	(14)	(13)	(14)	(14)	(14)	(14)	
Profit Before Tax	**247**	**267**	**290**	**337**	**442**	**427**	**498**	**13%**
Zakat Tax	(17)	(11)	(12)	(14)	(19)	(18)	(21)	13%
PAT	**230**	**256**	**278**	**323**	**423**	**408**	**477**	**13%**
Number of Share	35,000	35,000	35,000	35,000	35,000	35,000	35,000	0%
EPS	6.6	7.3	7.9	9.2	12.1	11.7	13.6	13%

Balance Sheet	2024a	2025a	2026e	2027f	2028f	2029f	2030f	CAGR 2025-2030f
Property & equipment	341	333	339	339	330	307	268	-4%
Right to use asset	2	1	1	2	2	2	2	5%
Others	272	825	1,153	1,370	1,614	1,872	2,096	20%
Intangible asset	2	2	2	2	2	2	2	5%
Non-current assets	**617**	**1,161**	**1,496**	**1,713**	**1,947**	**2,183**	**2,369**	**15%**
Trade receivables	462	826	550	707	771	785	854	1%
Cash and Cash equivalents	322	258	173	276	405	511	705	22%
Others	856	716	906	1,013	1,101	1,161	1,194	11%
Inventories	123	113	94	127	135	139	149	6%
Current Asset	**1,764**	**1,913**	**1,724**	**2,123**	**2,413**	**2,598**	**2,902**	**9%**
Total Assets	**2,380**	**3,075**	**3,219**	**3,837**	**4,360**	**4,781**	**5,271**	**11%**
Share capital	350	350	350	350	350	350	350	0%
Retain earnings	366	508	716	958	1,276	1,582	1,940	31%
Statutory reserve	46	46	46	46	46	46	46	0%
Other	14	11	11	11	11	11	11	0%
Total Equity	**776**	**916**	**1,124**	**1,366**	**1,684**	**1,990**	**2,348**	**21%**
Loan and borrowings	167	742	893	1,014	1,104	1,165	1,195	10%
Lease liabilities	1	0	0	0	0	0	0	-5%
Other	60	71	82	93	105	118	131	
Non-current liabilities	**228**	**814**	**975**	**1,108**	**1,210**	**1,283**	**1,326**	**10%**
Trade payables	699	1,012	776	980	1,054	1,075	1,155	3%
Loan and borrowings	532	242	291	331	360	380	390	10.0%
Lease liabilities	1	1	1	1	1	1	1	-5%
Others	144	90	52	52	52	52	52	-10.4%
Current Liabilities	**1,376**	**1,345**	**1,120**	**1,363**	**1,466**	**1,508**	**1,597**	3%
Total liabilities &equity	**2,380**	**3,075**	**3,219**	**3,837**	**4,360**	**4,781**	**5,271**	**11%**

Source: Company financials, anbc research

Valuation Ratios	2024a	2025a	2026e	2027f	2028f	2029f	2030f
EPS (SAR)	6.6	7.3	7.9	9.2	12.1	11.7	13.6
DPS (SAR)	1.5	1.8	2.0	2.3	3.0	3.0	3.5
BVPS (SAR)	22.2	26.2	32.1	39.0	48.1	56.9	67.1
PER (x)	22.8	18.4	10.3	8.9	6.7	7.0	6.0
DY (%)	1.0	1.3	2.4	2.8	3.7	3.7	4.3
PBV (x)	6.8	5.1	2.5	2.1	1.7	1.4	1.2
EV/Sales (x)	2.9	2.2	1.8	1.5	1.3	1.3	1.2
Price/Sales (x)	2.7	1.9	1.4	1.1	1.0	1.0	0.9
EV/EBITDA (x)	15.9	14.9	9.9	8.8	7.0	7.0	5.8
Margins (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Gross Margins	19.7	18.6	22.5	19.4	21.5	20.8	21.8
EBITDA Margins	18.2	14.7	18.7	16.5	19.0	18.6	20.0
Operating Margins	15.3	12.1	15.0	13.1	15.2	14.0	14.8
Net Margins	11.8	10.3	13.2	12.0	14.4	13.6	14.7
Returns (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
ROA	11.6	9.4	8.8	9.1	10.3	8.9	9.5
ROE	35.0	30.2	27.2	25.9	27.8	22.2	22.0
Health Ratios	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Debt to Asset	29.4	32.1	36.8	35.1	33.6	32.3	30.1
Debt to Equity	90.3	107.6	105.5	98.5	87.0	77.7	67.5
Debt to Capital	47.4	51.8	51.3	49.6	46.5	43.7	40.3
Activity Ratio	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Current Ratio	1.7	2.3	2.9	2.8	3.0	3.2	3.3
Days Sales Outstanding	84.1	95.1	119.6	85.3	91.9	94.9	92.4
Days Sales in Inventory	29.4	21.4	23.2	18.7	20.8	21.2	20.8
Days Payable Outstanding	129.8	155.1	200.6	147.8	161.2	164.0	160.6
Cash Conversion Cycle	(16.3)	(38.6)	(57.8)	(43.8)	(48.5)	(47.9)	(47.5)
Growth Ratios (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Revenue Growth	16.2	26.7	-15.1	28.0	9.1	2.0	8.2
Gross Profit Growth	45.5	19.9	2.8	10.0	21.4	-1.3	13.1
EBITDA Growth	41.6	2.8	7.7	13.4	25.5	-0.1	16.2
Operating Profit Growth	48.1	0.5	5.3	11.4	26.6	-5.7	14.3
Net Profit Growth	65.2	11.2	8.6	16.2	31.2	-3.5	16.7

Source: Company financials, anbc research

INITIATION OF COVERAGE

Miahona Co.

17 November 2026

We initiate coverage on Miahona Co. (MIAHONA) with a 'Neutral' rating and a target price of SAR 10.3/share. The company's fully-contracted concession and O&M portfolio, combined with two large BOOT concessions approaching commercial operation, positions it to capture the next leg of Saudi Arabia's water infrastructure buildout. The commissioning of Ras Tanura and Al Haer, a secured backlog of over SAR 12 bn, and the phased conversion of MOM clusters into long-term concessions from 2026 onward underpin our confidence in medium-term earnings growth, even as reported revenue normalizes lower once construction-linked revenue from these two projects rolls off.

A fully-contracted, de-risked revenue base delivering high earnings visibility. Miahona's business is underpinned by long-term concessions (BOOT/ROT, 10–30-year tenors) and O&M/MOM contracts with government and quasi-government off-takers, with tariffs indexed to inflation and minimal volume risk on the majority of the portfolio. Approximately 90% of revenue is expected to arrive from concession and O&M contracts in 2027, providing strong forward visibility into cash flows.

Near-term commissioning of Ras Tanura and Al Haer to catalyze the next leg of EBITDA growth. The Ras Tanura IWWTP (Aramco off-taker) is 90.8% complete as of 2Q26 while the Al Haer ISTP (Sharakat off-taker) is 83.0% complete. Both projects are currently generating low-margin construction revenue; upon commissioning, they convert to full concession and finance income streams, which we expect to be the principal driver of EBITDA growth into 2027.

A structural sector deficit extends growth well beyond the secured backlog. Saudi Arabia's water market remains structurally undersupplied against Vision 2030 targets, with an addressable opportunity estimated at USD 90-100 bn through 2030 concentrated in storage, treatment, and reuse, segments where Miahona already operates. The company also holds 2 of 6 regional MOM clusters slated for conversion into long-term concessions under a confirmed Phase II reform from 2026 onward, offering a lower-risk, incumbency-based path to expand its backlog beyond what is already secured.

Emerging growth optionality beyond the core Kingdom concession pipeline. Beyond its established BOOT/ROT/O&M franchise, the company has signed an agreement to acquire Sha's Water Services, extending its footprint into direct water distribution for commercial, industrial, and residential customers in Riyadh, and has expanded its presence in Uzbekistan through new development agreements and government partnerships in irrigation and water infrastructure.

Improving cash generation and balance sheet capacity supports growth investment. 2025 EBITDA-to-FCF conversion of approximately 97%, parent-level net leverage of 0.93x (5.1x net debt/parent operating cash flow), a current ratio of 1.57x, and ROE of 16.4%.

Valuation: Our DCF-based TP of SAR 10.3/share (WACC 8.4%, terminal growth 2.0%) implies 14.9% upside from the current price of SAR 8.9, which leads to our 'Neutral' stance.

Risk: Delays in project execution, geopolitical risk, weaker-than-expected industrial activity may also reduce demand growth.

RATING SUMMARY	NEUTRAL
Target Price (SAR)	10.3
Upside/Downside (%)	14.9
Div. Yield (%)	2.3
Total Exp. Return (%)	17.2

Source: Company financials, anbc research

ISSUER INFORMATION	
Bloomberg Code	MIAHONA AB
Last Price (SAR)	8.9
No of Shares (mn)	160.9
Market Cap bn (SAR/USD)	1.4/0.4
52-week High / Low (SAR)	21.9/7.6
12-month ADTV (mn) (SAR/USD)	12.7/3.4
Free Float (%)	40
Foreign Holdings (%)	2.5

Last price as of November 16th, 2026

VALUATIONS

	2025a	2026e	2027f	2028f
EPS (SAR)	0.5	0.1	0.4	0.5
PER (x)	39.8	113.9	22.1	19.8
PBV (x)	6.0	2.9	2.8	2.6
DPS (SAR)	0.2	0.0	0.2	0.2
Div. Yield (%)	1.0	0.3	2.3	2.5
RoE (%)	16.4	2.6	13.0	13.5
RoA (%)	5.9	0.8	3.8	4.1

Source: Company financials, anbc research

FINANCIALS (SAR mn)

	2025a	2026e	2027f	2028f
Revenue	700	437	510	538
Gross Profit	114	55	112	115
EBITDA	132	72	118	121
Net Income	76	13	65	73

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

Investment Thesis

Concession and contract portfolio: The structural backbone

Miahona's revenue architecture rests on two contract classes that together account for approximately 90% of group revenue. The first is a portfolio of seven long-dated concessions, anchored by Jeddah Industrial City (ROT, 25-year tenor), Dammam Industrial Cities I, II & Al Ahsa (ROT, 30-year tenor), King Khalid International Airport (BOOT, 28-year tenor), and LTOM Makkah (ROT, 10-year tenor), each governed by offtake agreements with government or quasi-government counterparties including the National Water Company, the General Authority of Civil Aviation, and Saudi Water Partnership Company. This base has been extended by two further BOOT awards secured in 2024, Ras Tanura (Saudi Aramco offtaker) and Al Haer (Sharakat offtaker), both 25-year tenors and currently in construction at 90.8% and 83.0% completion respectively, and by a Preferred Bidder position on an additional concession, Arana ISTP, which would extend the pipeline beyond the seven already secured.

The second contract class is a five-mandate O&M/MOM book (typically 2-7 year tenors) that provides fee-based, capital-light revenue and frequently functions as a feeder into long-term concessions, as demonstrated by the conversion of the Hadda & Arana O&M contract into the ten-year LTOM Makkah concession in 2023. The durability of this franchise was tested directly in 2025: when the original Jeddah Industrial City concession reached the end of its term, it was re-tendered by the client, and Miahona was re-awarded the contract for a further 25 years following a competitive process, evidence of incumbency advantage and technical credibility, rather than simply legacy contracts rolling forward unchallenged. Collectively, this contract base gives Miahona revenue visibility extending, for its oldest concessions, into the 2030s and beyond.

Table 11: Long term concession portfolio

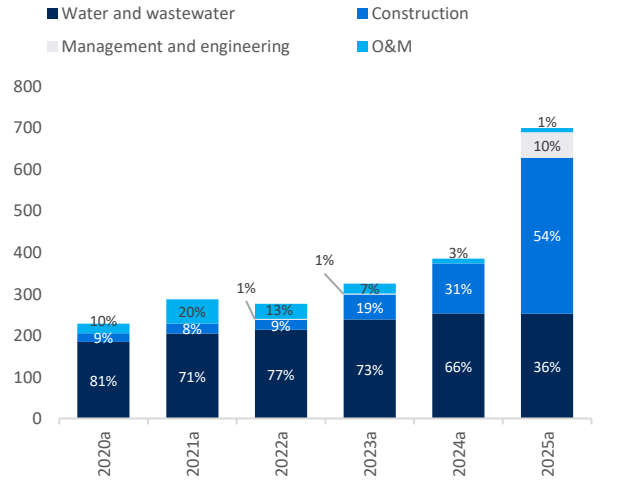
	Contract	Tenor (years)	Status
Jeddah Industrial City	ROT	25	Operational
Dammam Industrial Cities I & II	ROT	30	Operational
Al Ahsa	ROT	30	Operational
King Khalid International Airport	BOOT	28	Operational
LTOM Makkah (Hadda & Arana)	ROT	10	Operational
Ras Tanura IWWTP	BOOT	25	Under construction (90.8%)
Al Haer	BOOT	25	Under construction (83.0%)
Arana ISTP	BOOT	25	Preferred Bidder

Source: Company financials, anbc research

Revenue mix tilts toward development-led growth

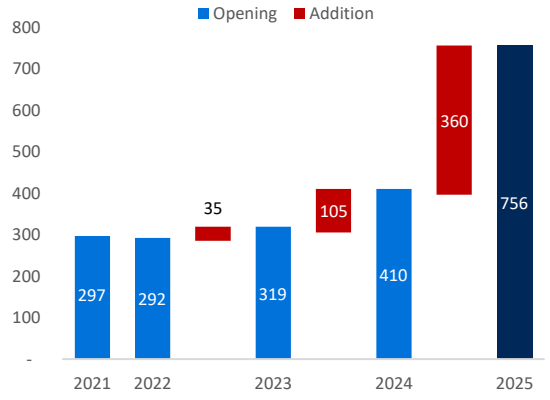
The composition of revenue has shifted materially as the group has moved through the construction phase of its newest concessions, a mechanical feature of concession accounting that should be read correctly rather than as a change in business quality.

Chart 53: Revenue under service concession is 90% in 2025



Source: Company financials, anbc research

Chart 54: Concession contract receivables



Source: Company financials, anbc research

Construction and development-fee revenue carries thin margins and is contractually capped, but it is fully secured and will roll off as Ras Tanura and Al Haer reach commercial operation, at which point recurring concession and finance income should reassert itself as the dominant share of a materially larger revenue base than existed before these two projects were won.

A secured backlog of over SAR 12 bn

As of year-end 2025, Miahona's Board of Directors' Report confirms a diversified secured backlog of over SAR 12 bn across concession and operational contracts, underpinned by long-term agreements that provide recurring revenue visibility while the development pipeline supports medium-term portfolio expansion. Management characterizes the combination of concession, O&M, and cluster programs as providing structural revenue diversification while maintaining risk discipline. We view this backlog, built without reliance on any single contract, as the clearest quantitative support for the company's earnings visibility over the next several years.

Structural sector deficit underwrites growth well beyond the secured backlog

Saudi Arabia's water infrastructure market remains structurally undersupplied relative to Vision 2030 targets, and the funded, policy-backed pipeline of privatization-eligible projects extends Miahona's growth runway well beyond its already-secured SAR 12 bn+ backlog. Government policy continues to push private-sector participation deeper into storage, distribution, and treatment segments where the capacity gap is largest, while a confirmed second wave of MOM-to-concession conversions gives Miahona a near-term, contract-specific route to convert existing operating relationships into new long-term backlog.

Table 12: Market still running a structural capacity deficit

Segment (mn m³/day)	Current capacity	Planned capacity (2030)	Gap
Production (desalination & groundwater)	15.0	18.0	3.0
Transmission	12.1	18.0	5.9
Storage	23.3	137.7	114.4
Distribution	9.9	16.6	6.7
Collection (wastewater networks)	5.8	9.1	3.3
Treatment (STPs and facilities)	6.4	14.8	8.4
Reuse (agricultural & industrial)	1.6	9.6	8.0

Source: Company financials, anbc research

Storage and treatment/reuse, the two segments in which Miahona is most directly active, carry the largest absolute and proportional gaps, which is the structural foundation for continued tender flow over the remainder of the decade rather than a one-off wave tied to the projects already in the backlog.

Vision 2030 sets the scale of required investment

The Kingdom's water infrastructure market is currently estimated at USD 15-16 bn annually and is projected to reach approximately USD 21 bn per annum by 2030 (roughly 7% annual growth), with the cumulative addressable market through 2030 estimated at USD 90-100 bn. Demand growth is uneven by end-market. Municipal demand is projected to grow at approximately 2% annually and industrial demand at approximately 7% annually (agricultural demand is expected to decline roughly 4% annually as efficiency and reuse initiatives take hold), which favors Miahona's existing mix of industrial and municipal concessions over any exposure to agricultural water.

Sustaining this is a specific set of 2030 targets that management has explicitly aligned itself to (Table 13), each implying further capital deployment across the treatment, distribution and reuse segments in which Miahona already operates.

Table 13: Water sector 2030 strategic targets vs. current status

Metric	Current status	2030 target
Water coverage	85.9% (Mar-26)	85%
Wastewater coverage	68.1% (Mar-26)	70%
Wastewater collection	–	100%
Tertiary treatment of wastewater	93.2% (Mar-26)	100%
Non-revenue water	35% (Feb-26)	27%
Hours of water supply (per day)	20.5 (Mar-26)	21.9
Water quality	98.5% (Mar-26)	98%
Reuse of treated wastewater	1.83 mn m^3/day (Mar-26)	70%

Source: National Water Company (data until March 2026), National Water Strategy, Saudi Water Authority, anbc research

A route from O&M to concession

Beyond new tenders, Miahona has a specific, already-identified path to convert existing relationships into long-term backlog. The company holds 2 of the 6 regional clusters currently under Management, Operations and Maintenance contracts (Northwestern and Eastern), presently in a 7-year Phase I term. Management confirms that the National Water Company intends to convert these clusters into long-term private concessions under a Phase II sector reform, phased in from 2026 onward, covering the full water value chain rather than O&M scope alone. Because Miahona is already the incumbent operator on two of the six clusters, this conversion, if it proceeds as management describes, represents one of the more visible, lower-execution-risk expansion routes in the pipeline, distinct from having to win a new competitive tender from a standing start.

Emerging growth optionality through the Sha's Water Services acquisition

In June 2026, Miahona signed a Sale and Purchase Agreement to acquire 100% of Sha's Water Services from Al Manhal Water Factory Company Limited, an affiliate of Nestlé Waters SAS, for approximately SAR 95 mn (with an earn-out mechanism that could take the price to SAR 103 mn depending on Sha's Water's 2025 audited results). The target has owned and operated water distribution infrastructure in Riyadh since 1998, serving commercial, industrial, and residential customers through both networked and non-networked delivery, a business model distinct from Miahona's existing concession franchise, which is built almost entirely on long-term contracts with

government and quasi-government off-takers. The transaction is to be funded from internal resources and available financing facilities and remains subject to General Authority for Competition approval, and the transaction has not yet completed.

We view the strategic logic as extending beyond simple scale, Miahona's revenue base today is heavily concentrated in government and quasi-government counterparties, which is a structural risk common to PPP-driven utility developers. Sha's Water gives the company its first direct, recurring exposure to private commercial, industrial, and residential end-customers a genuinely different revenue stream that, if integrated well, should reduce counterparty concentration over time even as it remains a small contributor in absolute terms at the outset.

International optionality: early-stage development in Uzbekistan

Miahona's international ambitions are, by the company's own description, deliberately early-stage and tightly risk-managed. Since 2024, the company has signed a series of Memoranda of Understanding with Uzbek government counterparties, including the Ministry of Investment, Industry and Trade, to explore wastewater treatment plant development in the Fergana Valley and Jizzakh regions, and the rehabilitation and operation of more than 300 irrigation pumping stations across the Karakalpakstan and Khorezm regions.

Management has been explicit that these are "early-stage project origination initiatives" subject to feasibility assessment, due diligence, and eventual commercial agreements, and any capital deployment will be evaluated against defined thresholds covering currency exposure, counterparty strength, project bankability, and long-term risk-return balance. The contemplated project structures, BOOT, ROT, and O&M, mirror Miahona's existing domestic playbook, suggesting the company intends to export its operating model rather than take on unfamiliar structures or technologies.

Central Asia and the broader MENA region share the structural water-scarcity dynamics that underpin Miahona's domestic thesis: the region generates an estimated 21.5 bn m^3 of municipal wastewater annually, of which more than 80% remains untreated or unrecovered, implying a long runway of infrastructure need if Miahona's entry proves successful.

Capital-efficient structuring, not balance-sheet-straining growth

Miahona's growth is funded through a capital structure designed to avoid straining the parent balance sheet, and 2025 results show that structure now generating enough surplus cash to support shareholder returns alongside continued investment. EBITDA-to-FCF conversion of approximately 97%, a current ratio of 1.6x, and ROE of 16.4% in 2025 demonstrate sufficient financial flexibility to fund the company's growth pipeline while growing its cash dividend (DPS of SAR 0.18 in 2025 vs. SAR 0.10 in 2024) and launching a share buyback program.

Rather than funding new concessions predominantly through parent-level equity or recourse debt, Miahona structures new awards to keep the capital burden off the group balance sheet: project debt is raised on a non-recourse basis at 70-80% of project cost, the remaining equity gap is bridged through equity bridge loans rather than permanent parent equity.

Valuation

We have valued Miahona using a discounted cashflow model to arrive at our target price of SAR 10.3/share, providing a potential upside of 14.9%. We recommend a 'Neutral' rating on the stock.

We used an FCFF-based model, applying a beta of 1.3, a risk-free rate of 5.8%, and a market risk premium of 5.4%, resulting in a cost of equity of 12.6%. Incorporating a cost of debt of 5.0%, we derived a weighted average cost of capital (WACC) of 8.4%.

Moreover, Miahona is trading at a 2027f P/E of 22.1x, representing a 37.7% discount to its historical 2-year average forward P/E of 35.6x. However, this still represents a significant premium to sector peers (Marafiq at 8.4x and AWPT at 8.9x), and with limited upside to our TP we initiate with a 'Neutral' rating.

SAR mn	2028F	2029F	2030F	2031F	2032F
FCFF	25	45	75	111	193
Terminal Value	-	-	-	-	3,095
FCFF + Terminal	25	45	75	111	3,288
Discounted FCFF	**23**	**39**	**59**	**80**	**2,201**
Enterprise Value	2,402				
Cash	200				
Debt, NCI less associates	945				
Equity Value	1,657				
Target Price	**10.3**				

		Growth Rate				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
WACC	**6.4%**	14.2	16.0	18.2	21.0	24.6
	7.4%	10.8	12.1	13.5	15.2	17.4
	8.4%	8.4	9.3	**10.3**	11.5	12.9
	9.4%	6.6	7.3	8.0	8.8	9.8
	10.4%	5.2	5.7	6.2	6.8	7.5

Source: Company financials, anbc research

Company Overview

Miahona is one of Saudi Arabia's leading integrated water infrastructure and utility companies, providing water and wastewater services across the municipal and industrial sectors. The company develops, owns, operates, and maintains water and wastewater assets under long-term concession and public-private partnership (PPP) agreements. Miahona plays a key role in supporting the Kingdom's water security and sustainability objectives by delivering essential water infrastructure aligned with Vision 2030 and serving projects across multiple regions of Saudi Arabia.

The company operates through three core business segments: Water & Wastewater, Construction, and Operation & Maintenance (O&M). The Water & Wastewater segment includes the development, ownership, financing, and operation of potable water, wastewater treatment, water transmission, and strategic water storage assets. The Construction segment provides engineering, procurement, and construction (EPC) services for water and environmental infrastructure projects, including treatment plants, transmission networks, pumping stations, and storage facilities. The O&M segment delivers long-term operation and maintenance services for water and wastewater facilities, helping ensure efficient, reliable, and sustainable asset performance for municipal and industrial customers.

Table 14: Miahona services by segment

Services	Description
Water & Wastewater	
Desalination Plants	Development and operation of seawater desalination plants under PPP and concession models.
Water Transmission Systems	Development and operation of bulk water transmission pipelines and pumping stations.
Independent Sewage Treatment Plants	Development and operation of municipal and industrial wastewater treatment facilities.
Treated Sewage Effluent (TSE) Reuse	Production and supply of reclaimed wastewater for industrial and municipal reuse.
Construction	
Engineering, Procurement & Construction	Turnkey development of water and wastewater infrastructure, including design, procurement, construction, and commissioning.
Project Development	Project structuring, financing, engineering, and construction management for concession projects.
Operation & Maintenance	
Plant O&M	Operation and maintenance of desalination and wastewater treatment plants.
Network O&M	Operation and maintenance of water transmission and distribution infrastructure.
Asset Management	Asset lifecycle management, preventive maintenance, and performance optimization.

Source: Company financials, anbc research

Miahona's diversified services portfolio is supported by its wide network of subsidiaries operating across the KSA

Table 15: Miahona – Subsidiaries and Associates Ownership Structure

Company	Ownership%	Country
Direct		
Industrial Cities Development and Operating Company (ICDOC)	100%	KSA
Riyadh Water Production Company (RWPC)	100%	KSA
Al Jazzirah Environment Company (JECO)	100%	KSA
Araha Environmental Sciences Company (ARAHA)	70%	KSA
Sustainable Water Company for Environmental Services (SWESC)	70%	KSA
Al Haer Environmental Services (Al Haer)	45%	KSA
Al Haer Operations Limited Company (Al Haer Operations)	55%	KSA
International Water Partner Company (IWP)	40%	KSA
International Water Partner Company the second (IWP2)	35%	KSA
Clear Water Company	100%	KSA

Source: Company financials, anbc research

Financial Overview

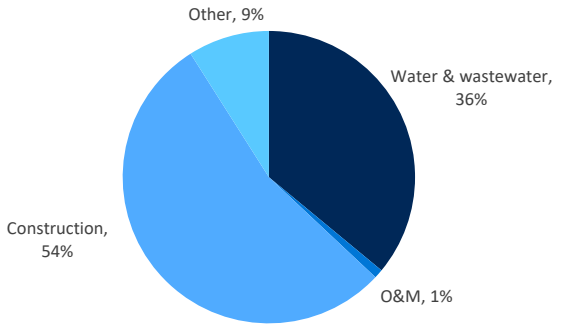
Miahona operates through three main business segments: (1) Water & Wastewater, (2) Construction, and (3) Operation & Maintenance (O&M). The Water & Wastewater segment was the largest contributor in 2024, accounting for 66% of total revenue, followed by Construction at 31% and O&M at 3%. However, in 2025, the Construction segment became the largest contributor, representing 54% of total revenue, followed by Water & Wastewater at 36%, Management & Engineering at 9% and O&M at 1%.

Table 16: Revenue Profile – Segment wise

Segment	Description
Water & Wastewater	Development, ownership, financing, operation, and management of water desalination, potable water, wastewater treatment, water transmission, distribution, and water reuse projects under long-term concession and PPP contracts.
Construction	Engineering, procurement, and construction (EPC) services for water and wastewater infrastructure, including treatment plants, transmission pipelines, reservoirs, pumping stations, and related utility facilities.
Operation & Maintenance	Operation, maintenance, and asset management services for water and wastewater facilities and distribution networks under short- to medium-term O&M and MOM contracts.

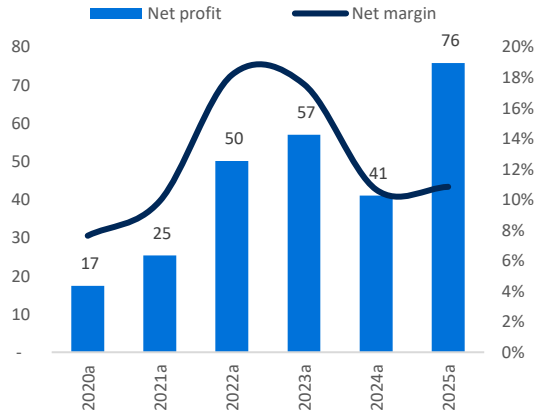
Source: Company financials, anbc research

Chart 55: Revenue by segment (%) - 2025



Source: Company financials, anbc research

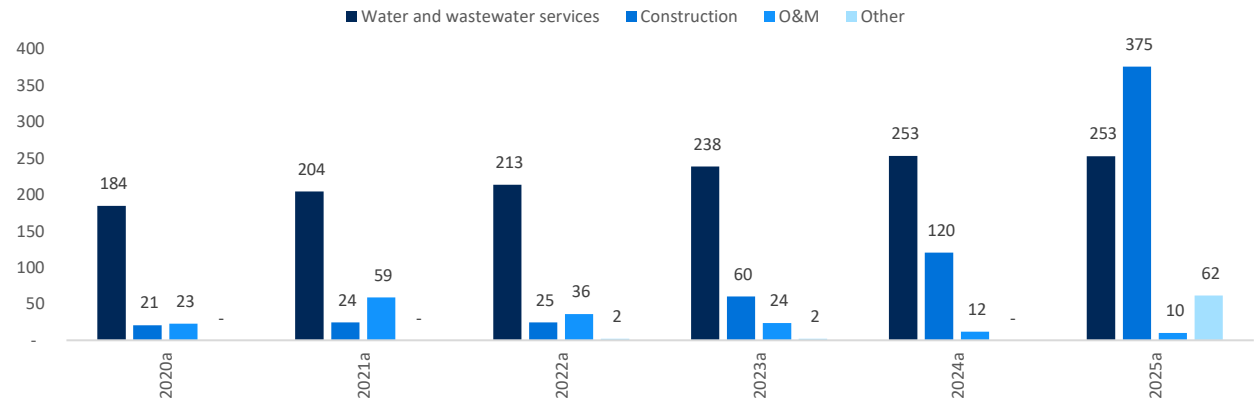
Chart 56: Net profit trajectory



Source: Company financials, anbc research

Miahona's revenue grew at a CAGR of 25.1% between 2020 and 2025, increasing from SAR 228 mn to SAR 700 mn. The Water & Wastewater segment was the largest contributor in 2024, accounting for 66% of total revenue. However, in 2025, the Construction segment became the largest contributor, representing 54% of total revenue. Water & Wastewater revenue increased from SAR 184 mn in 2020 to SAR 253 mn in 2025, reflecting a CAGR of 6.5%. Meanwhile, Construction revenue surged from SAR 21 mn in 2020 to SAR 375 mn in 2025, registering a CAGR of 78.5%. The Operation & Maintenance (O&M) segment contributed only 1.4% of total revenue in 2025, with revenue declining to SAR 10 mn in 2025 from SAR 23 mn in 2020.

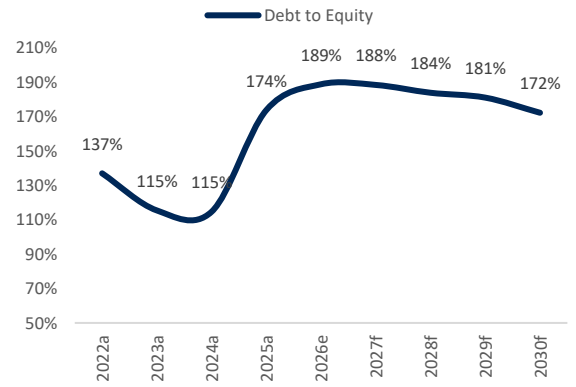
Chart 57: Segment-wise revenue - SAR mn



Source: Company financials, anbc research

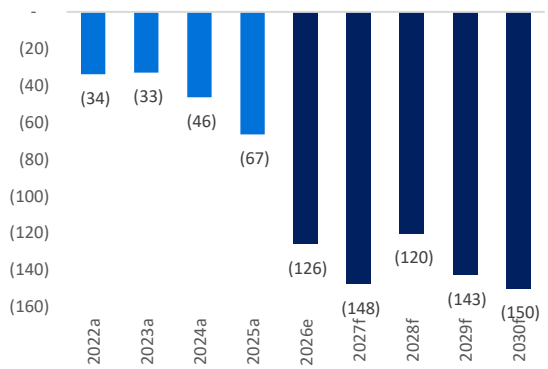
Miahona chart bank

Chart 58: Debt to Equity



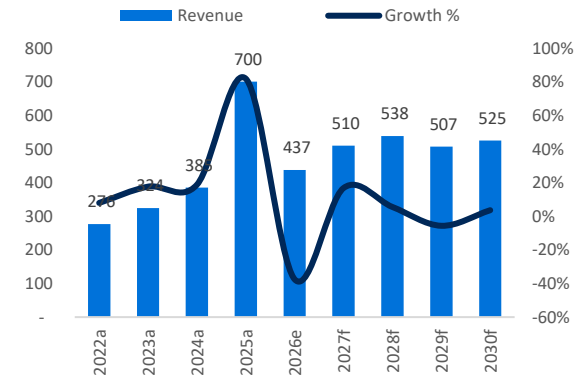
Source: Company financials, anbc research

Chart 59: Working Capital Cycle



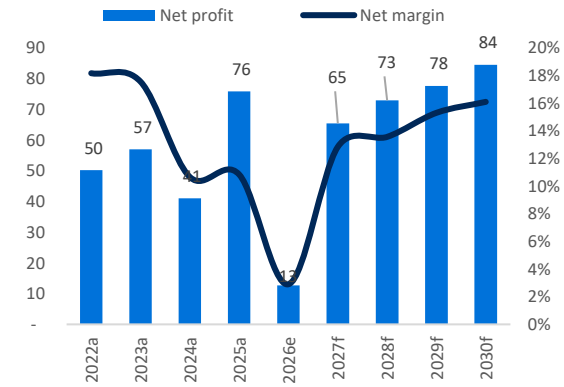
Source: Company financials, anbc research

Chart 60: Revenue to reach SAR 525 mn by 2030f



Source: Company financials, anbc research

Chart 61: Net margin to reach 16% by 2030f



Source: Company financials, anbc research

Financial Summary

Income statement (SAR mn)	2024a	2025a	2026e	2027f	2028f	2029f	2030f	CAGR 2025-2030f
Revenue	385	700	437	510	538	507	525	-6%
Cost of Revenue	(292)	(586)	(382)	(398)	(422)	(391)	(406)	-7%
Gross Profit	**93**	**114**	**55**	**112**	**115**	**116**	**118**	**1%**
Operating Expenses	38	30	29	41	42	42	43	8%
EBIT	55	84	26	72	74	73	75	**-2%**
Dep & Amort	52	48	45	46	47	48	49	
EBITDA	**107**	**132**	**72**	**118**	**121**	**121**	**124**	**-1%**
Finance Cost	(41)	(49)	(60)	(56)	(58)	(57)	(57)	3%
Finance income	21	33	45	45	52	56	61	13%
Profit Before Tax	**47**	**82**	**20**	**73**	**81**	**86**	**94**	**2.6%**
Zakat Tax	(6)	(7)	(7)	(7)	(8)	(9)	(9)	7.2%
PAT	**41**	**76**	**13**	**65**	**73**	**78**	**84**	**2.2%**
Number of Share	161	161	161	161	161	161	161	
EPS	0.3	0.5	0.1	0.4	0.5	0.5	0.5	2%

Balance Sheet	2024a	2025a	2026e	2027f	2028f	2029f	2030f	CAGR 2025-2030f
Property & equipment	7	9	9	8	8	8	9	-0%
Right to use asset	10	60	58	56	54	52	50	-4%
Others	774	1,094	1,224	1,333	1,454	1,532	1,611	8%
Non-current assets	**790**	**1,164**	**1,291**	**1,398**	**1,516**	**1,593**	**1,670**	**7%**
Trade receivables	54	49	39	52	64	75	87	12%
Cash and Cash equivalents	144	306	157	172	145	154	150	-13%
Others	155	159	168	154	167	169	178	2%
Inventories	6	6	7	7	7	8	8	4%
Current Asset	**360**	**521**	**371**	**386**	**382**	**405**	**422**	**-4%**
Total Assets	**1,150**	**1,684**	**1,662**	**1,783**	**1,899**	**1,998**	**2,092**	**4%**
Share capital	161	161	161	161	161	161	161	0%
Retained earnings	275	332	340	373	410	449	491	8%
Other	10	(15)	(15)	(15)	(15)	(15)	(15)	0%
Total Equity	**446**	**479**	**486**	**519**	**556**	**595**	**638**	**6%**
Loan and borrowings	361	728	818	715	630	426	361	-13%
Lease liabilities	8	57	49	42	36	32	28	-13%
Other non-current liabilities	70	88	88	88	88	88	88	
Non-current liabilities	**440**	**873**	**955**	**845**	**754**	**546**	**476**	**-11%**
Trade payables	112	272	156	185	219	224	256	-1%
Loan and borrowings	140	43	48	218	353	617	708	
Lease liabilities	2	5	5	4	3	3	3	-13%
Others	11	13	12	12	12	12	12	
Current Liabilities	**265**	**333**	**221**	**419**	**588**	**857**	**978**	24%
Total liabilities &equity	**1,150**	**1,684**	**1,662**	**1,783**	**1,899**	**1,998**	**2,092**	**4%**

Source: Company financials, anbc research

Valuation Ratios	2024a	2025a	2026e	2027f	2028f	2029f	2030f
EPS (SAR)	0.3	0.4	0.1	0.4	0.4	0.5	0.5
DPS (SAR)	0.1	0.2	0.0	0.2	0.2	0.2	0.3
BVPS (SAR)	2.8	3.0	3.0	3.2	3.5	3.7	4.0
PER (x)	108.9	39.8	113.9	22.1	19.8	18.6	17.1
DY (%)	0.4	1.0	0.3	2.3	2.5	2.7	2.9
PBV (x)	10.0	6.0	2.9	2.8	2.6	2.4	2.3
EV/Sales (x)	12.5	4.9	5.0	4.4	4.3	4.7	4.5
Price/Sales (x)	11.6	4.1	3.3	2.8	2.7	2.8	2.7
EV/EBITDA (x)	45.4	25.8	30.7	19.0	19.2	19.4	19.2
Margins (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Gross Margins	24.1	16.2	12.5	22.0	21.4	22.8	22.5
EBITDA Margins	27.7	18.9	16.4	23.1	22.4	24.0	23.6
Operating Margins	14.2	12.0	6.0	14.1	13.7	14.5	14.3
Net Margins	10.6	10.8	2.9	12.8	13.6	15.3	16.1
Returns (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
ROA	4.0	5.9	0.8	3.8	4.1	4.1	4.2
ROE	9.8	16.4	2.6	13.0	13.5	13.5	13.7
Health Ratios	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Debt to Asset	44.4	49.4	55.3	54.9	53.9	53.9	52.5
Debt to Equity	114.6	173.8	188.8	188.4	183.8	181.0	172.2
Debt to Capital	53.4	63.5	65.4	65.3	64.8	64.4	63.3
Activity Ratio	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Current Ratio	1.4	1.6	1.7	0.9	0.6	0.5	0.4
Days Sales Outstanding	75.6	28.9	39.6	33.5	35.0	45.8	52.3
Days Sales in Inventory	7.0	3.9	6.3	6.3	6.2	6.9	6.8
Days Payable Outstanding	129.0	99.4	172.0	187.5	161.4	195.4	209.3
Cash Conversion Cycle	(46.5)	(66.6)	(126.1)	(147.7)	(120.2)	(142.7)	(150.2)
Growth Ratios (%)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**	**2029f**	**2030f**
Revenue Growth	18.7	81.7	-37.6	16.7	5.4	-5.7	3.5
Gross Profit Growth	2.0	22.5	-51.8	105.0	2.6	0.4	2.2
EBITDA Growth	-8.2	24.1	-45.8	64.5	2.3	0.7	2.1
Operating Profit Growth	-22.1	53.5	-68.8	173.7	2.6	-0.1	2.0
Net Profit Growth	-28.0	84.8	-83.3	415.4	11.4	6.4	8.8

Source: Company financials, anbc research

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Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

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