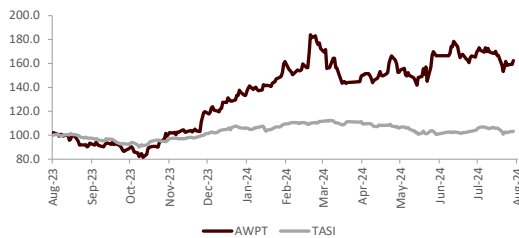


Alkhorayef Water and Power Technologies Co. (AWPT)

Recommendation**Hold**

Current Market Price (SAR)	176.4
52wk High / Low (SAR)	203.1/88.6
Mkt. Cap. (USD/SAR Mn)	1,679/6,300
Shares Outstanding (mn)	35.0
Free Float (%)	53.3%
3m Average Vol. (000)	107.1
3m Avg Daily Turnover (SAR'000)	18,868
Dividend Yield '24e (%)	1.1%
P/E'24e (x)	19.5
EV/EBITDA'24e (x)	11.4

Source: Bloomberg

Relative Price Performance**Key Indicators**

SAR (mn)	2022	2023	2024e	2025e
Revenue	822	1,709	2,804	3,434
Gross profit	187	262	505	656
Gross margin (%)	23%	15%	18%	19%
EBIT	138	200	393	519
EBIT margin (%)	17%	12%	14%	15%
EBITDA	175	249	457	603
EBITDA margin (%)	21%	15%	16%	18%
Net Income	107	140	317	431
Net margin (%)	13%	8%	11%	13%
EPS (SAR)	4.30	5.60	9.06	12.30
RoE (%)	28%	30%	45%	40%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Alkhorayef Group Company	46.50%
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Source: Bloomberg, Yaqeen Capital

Bottom line rose due to higher operating income

- AWPT's net income rose by 116.0% YoY and 78.5% QoQ to SAR 77mn, driven by higher operating profit in 2Q2024. The net profit margin improved by 9.2ppts YoY and by 8.3ppts QoQ to 17.7%.
- Total revenue surged by 4.1% YoY to SAR 434mn in 2Q2024 due to the revenue generated from the new projects. While on a QoQ basis, it dropped by 5.4% due to the completion of existing contracts and the pending commencement of recently awarded contracts.
- Gross profit increased by 93.5% YoY and 51.7% QoQ to SAR 120mn in 2Q2024 due to fall in cost of revenue. The gross margin improved by 12.7ppts YoY and by 10.4ppts QoQ to 27.6%.
- Operating income reached SAR 97mn, marking a growth of 87.9% YoY and 60.0% QoQ in 2Q2024 primarily driven by completion of initial milestone of a development project. The corresponding margin improved by 10.0ppts YoY and 9.2ppts QoQ to 22.4%.
- In 1H2024, Net income rose by 75.6% YoY to SAR 120mn primarily due to higher operating income driven by completion of initial milestone of a development project. the net profit margin improved by 4.2ppts to 13.5%.
- In 1H2024, revenue improved by 20.8% YoY to SAR 892mn mainly attributed to the increased revenue in the Water segment by 33.70% YoY and the Wastewater segment by 7.56% YoY, resulting from the revenue generated from new projects

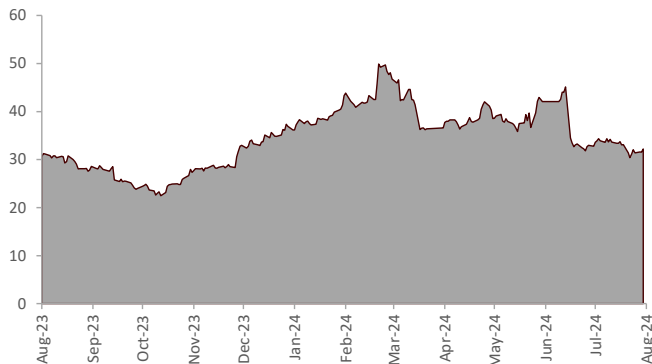
Outlook & Valuation: The utility sector in the Kingdom has experienced significant growth and transformation in recent years, driven by the government's commitment to economic diversification and increased infrastructure investment. As a leading industry participant, AWPT is strategically positioned to capitalize on these developments and take advantage of emerging opportunities. The company's expertise in providing advanced water treatment solutions is perfectly aligned with the growing demand for sustainable and efficient water management in the utility sector. Overall, we are positive about the company's growth visibility; nevertheless, we believe the stock price (which has increased by 64% in the last 2 years) has exceeded the underlying fundamentals. Based on DCF valuation, we arrive at a fair value of SAR 167.0/share, offering a downside of 5.3% from the current level. Hence, we recommend a Hold rating on the stock.

Financial Summary

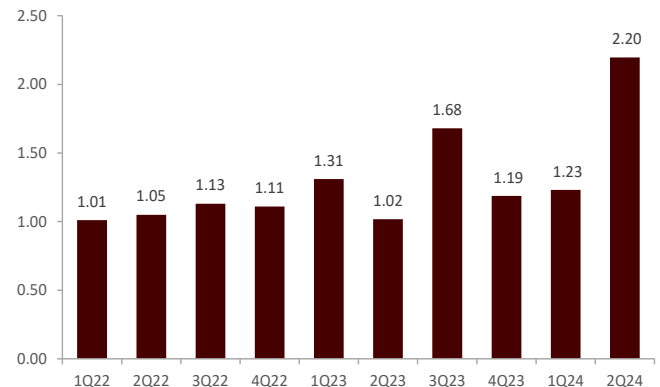
SAR (mn)	2Q2024	2Q2023	YoY	1Q2024	QoQ
Revenue	434	416	4%	458	-5%
Gross profit	120	62	93%	79	52%
Gross margin (%)	28%	15%		17%	
EBIT	97	52	88%	61	60%
EBIT margin (%)	22%	12%		13%	
Net Income	77	36	116%	43	79%
Net margin (%)	18%	9%		9%	
EPS (SAR)	2.20	1.02	116%	1.23	79%

Source: Company Reports, Yaqeen Capital

Price to Earnings Ratio Trend



EPS (SAR) Trend



Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

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