

Target Price: SAR23.0/share
Current Price: SAR24.62/share
Upside: -7% (+Div. Yield: 0.9%)
Rating: Neutral

Miahona

Current projects priced in; Eyeing new awards for the next upside

- Ras Tanura 47% complete (2Q25), on track for 80% by end-2025 and COD in 3Q26e with a SAR3bn backlog. Al Haer progresses slowly but is likely to speed up in 2H25.
- EBITDA to grow at a 6% CAGR over 2024-30e, lifting margins from 34.2% in 2024 to ~42%, driven by volume growth, tariff indexation, finance income, and efficiency gains.
- Based on DCF, our revised 1Y TP stands at SAR23.0/sh., implying priced-in valuation. A further upside is likely driven by upcoming new contracts (refer to page 4).

Ras Tanura project on track to begin operation in 3Q26e: The Ras Tanura IWTP project, currently under construction in the Eastern Region, has reached 47% completion as of 2Q25, marking a significant milestone in its development. Structured as a BOOT contract with a 25-year tenor, the facility is designed to treat 20,000 m³/day of industrial wastewater for the Ras Tanura refinery, under a tariff-based off-take arrangement, with an estimated cost of ~SAR536mn. With most of the construction work likely to be finished in 2025e (80% completion as per GIBC estimate) and the remaining in 1H26e, the project is on track to begin operation during 3Q26e, with an estimated backlog of ~SAR3bn (including the construction revenue and finance income). Accordingly, we expect Miahona to continue to recognize significant construction revenue related to Ras Tanura in 2H25e (47% already recognized till date; 16% likely to be recognized in 2H25e and 20% in 1H26e), before starting generating consistent water & wastewater revenues and financial income from 3Q26e.

Re-award of JIC contract and capacity expansion at DIC and JIC to drive volume growth: Miahona has been re-awarded a SAR1bn (US\$267mn) contract from MODON to rehabilitate and operate an industrial wastewater treatment plant in Jeddah's 1st Industrial City under a 25-year ROT model — the first in Saudi Arabia to complete a full 20-year cycle. Based on a volume-based contract (similar to DIC), the project is 100% owned by Miahona and has a treatment capacity of up to 60,000 m³/day—split between 40,000 m³/day of WW (25,000 m³/day earlier) and 20,000 m³/day (9,000 m³/day earlier) of IWW, with the operations beginning in mid-May 2025. This re-award not only reflects MODON's confidence in Miahona's technical and operational capabilities but also aligns with Vision 2030 goals for sustainable industrial growth and private sector involvement.

Figure 1: Key financial metrics (existing and ongoing projects only)

SARmn	2022a	2023a	2024a	2025e	2026e	2027e
Revenue*	276	324	385	708	508	388
Revenue growth	8%	18%	19%	84%	-28%	-24%
Gross profit	87	91	93	126	89	105
Gross margin	31.5%	28.0%	24.1%	17.8%	17.5%	26.9%
EBITDA**	118	141	139	187	152	175
EBITDA margin**	42.9%	43.6%	36.0%	26.4%	29.9%	44.9%
Net profit	50	57	41	86	43	46
Net profit margin	18.2%	17.5%	10.6%	12.1%	8.4%	11.7%
EPS (SAR)	0.3	0.4	0.3	0.5	0.3	0.3
DPS (SAR)	0.1	0.0	0.1	0.2	0.1	0.1
P/E	79.1x	69.9x	97.3x	46.2x	92.9x	86.8x

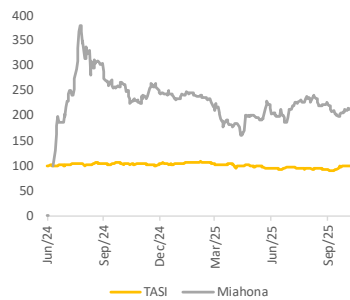
Source: Company data, GIB Capital, *Incl construction revenue for the recent wins. ** incl. finance income.

Stock data

TASI ticker	2084
Mcap (SARmn)	3,962
Avg. Trd. Val (SARmn)	27.8
Free Float	30.0%
QFI Holding	1.9%
TASI FF weight	0.05%

Source: Bloomberg

Prices indexed to 100



Source: Bloomberg

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Further, considering the rising demand for portable and recycled water, Miahona plans to expand its capacity in DIC (volume-based contracts with demand risk) by ~10k m³/day over 2026-27e. Moreover, at KKIA (off-take), the company also plans to add 5,000 m³/day portable water capacity by 2027e. Accordingly, we expect the water and wastewater volume (KKIA, DIC, and JIC) to grow at a CAGR of 3.9% over 2024-30e.

Top-line likely to jump significantly in 2025e before normalizing next year: Furthermore, it is worth noting that all of Miahona's existing concession contract tariffs are subject to annual inflation adjustments, except for the DIC and JIC projects, where tariffs are revised every five years. Consequently, we expect a 10% rise in tariffs at DIC and JIC in 2026e and 2030e, respectively, implying a 2.3% CAGR rise in blended tariff rates over 2024-30e. Accordingly, the water & wastewater services segment is expected to expand at an 8.4% CAGR (+8.2% CAGR over 2020-24) to SAR411mn by 2030e, powered by healthy growth in existing volume, improved tariff rates, and the commercialization of Ras Tanura projects. In addition, construction revenues are expected to ramp up sharply from SAR120mn in 2024 to SAR378mn in 2025e before starting to normalize to SAR183mn in 2026e, backed by development activity at its Ras Tanura project, while O&M revenues are expected to remain broadly stable, assuming the renewal of contracts for Marafiq (Nov 2026) and Spark (Nov 2028).

Overall, Miahona's total revenue is projected to jump from SAR385mn to SAR708mn in 2025e, driven by higher construction revenue from the Ras Tanura project, a one-time development fee (already received in 1Q25), and growth in existing concessions. Excluding construction revenues and project development income, we expect the revenue from its core operation (water & wastewater and O&M) to grow at a CAGR of ~8% over 2024-30e.

EBITDA margin to improve post COD of Ras Tanura project: EBITDA (ex-Al Haer project; accounted as equity investment) is expected to grow at a 6% CAGR, mainly aided by i) growth in existing concessions, driven by both price adjustments due to tariff indexation and higher volumes, ii) COD of new concessions, iii) higher finance income due to concession accounting for new project wins, and iv) improvement in operating efficiency. Overall, we expect EBITDA margins to stabilize at ~42% (34.2% in 2024) over the medium to long term. Further, supported by healthy margins and a flexible financing model (70-80% debt financing and 20-30% equity bridge loans - EBLs), we expect Miahona to generate healthy cash flows with strong EBITDA/FCF conversion, sufficient to expansion capex and dividend commitments.

Al Haer remains a strategic project, but fixed interest rate hedging may weigh on Book Value in the near term: The Al Haer Wastewater Treatment Plant is a strategically significant BOOT concession in Miahona's portfolio, with a 25-year tenor, a SAR3.8bn backlog, and a design capacity of 200,000 m³/day. Miahona holds a 45% stake, and while construction is progressing steadily (14% complete as of 2Q25; significant progress is expected in 2H25e), the project currently reflects a negative book value due to SAR16.2mn provision against its investment, on fixed-rate interest hedges, triggered by declining rate expectations. Considering the further easing of interest rates and thin construction margin of the Al Haer project, we expect more pressure on the book value, reinforcing the accounting rationale for the provision.

Nonetheless, it's a non-cash accounting impact, not a reflection of project fundamentals. As rates stabilize and COD approaches in 4Q26e, hedge valuations may recover. Overall, the project's long-term economics remain healthy with a projected low double-digit IRR as per our calculation, resulting in stable equity income going forward.

Valuation and risks: We consider a discounted cash flow (DCF) methodology to value Miahona's existing operations and ongoing projects (such as DIC, JIC, KKIA, LTOM, Ras Tanura). Separately, we also account for the company's equity investments in Al Haer (45% owned; discounted cash flow basis, post-adjusting the recent provision) and IWP (40%; at BV), and IWP2 (35%, at BV). Our DCF incorporates cash flow projections up to 2033e and factors in terminal value calculations beyond that, considering the extended duration of Miahona's contracts and renewals. Based on a WACC of 7.3% and a terminal growth rate of 2.5%, we derive a 1Y forward target price of SAR23.0/sh, implying a Neutral rating.

Figure 2: DCF valuation – Existing and ongoing projects (excluding unsecured projects).

DCF model (SARmn)	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
EBIT	127	91	112	127	132	140	151	156	162
Zakat	7	5	5	7	7	8	9	10	11
EBIT minus taxes	134	96	118	133	140	148	160	167	172
(+) Depreciation & amortization	43	44	44	44	45	45	45	45	45
(+/-) Change in working capital	28	(37)	(34)	(9)	(1)	(2)	(3)	(1)	(1)
(+/-) Net change in concession contract receivables	(359)	(162)	8	6	9	12	16	19	36
(-) Capex	(14)	(16)	(16)	(2)	(2)	(2)	(2)	(2)	(2)
Free Cash Flow to Firm	(169)	(75)	120	173	190	201	216	227	250
Terminal value									5,366
PV of FCF (explicit period)	703								
PV terminal	3,015								
EV	3,718								
(-) Debt, incl. lease liabilities	(673)								
(+) Cash	267								
(-) Minority	(2)								
(-) Pension/other liabilities	(26)								
(+) Equity investments	79								
IWP1 (BV)	14								
IWP2 (BV)	7								
Al Haer (NPV - impairment at BV)	58								
Equity value	3,363								
Number of Shares	161								
Equity value per share	20.9								
Target price (one year forward)*	23.0								
Cost of Equity	10.0%								
Cost of debt	5.5%								
Target D/A	60.0%								
WACC	7.3%								

Source: GIB Capital * Target price is rounded, and time value adjusted 1 year forward ** using 2.5% Terminal growth rate

Downside risks include the company's dependence on government spending, risks related to the tendering process, non-renewal/early termination of contracts, heightened competition, risks related to the prices of inputs, and delays in receivables collections.

Potential near-term upside catalyst

Hadda and Arana ISTP bid: We highlight Miahona’s participation in the Hadda and Arana ISTP tenders as a potential upside risk to our valuation. These projects form part of SWPC’s accelerated procurement drive under its US\$70bn PPP pipeline over the next 5 years, targeting the ~2bn m³ wastewater capacity gap and ambitious leakage reduction goals (from 40% to 15–25%) across the Kingdom. These projects—structured under a 25-year BOOT model—feature significant wastewater treatment capacity: Arana ISTP is designed for 250,000 m³/day, expandable to 500,000 m³/day, while Hadda ISTP starts at 100,000 m³/day, expandable to 250,000 m³/day.

Miahona, in consortium with Marafiq and Buhur Investment, is among five bidders for these BOOT-model projects. While Miahona does not disclose bid participation until awards are finalized, management has acknowledged rising competition. Currently, bid evaluation is underway, with preferred bidders expected to be announced later this year with the likely financial close in 1Q26 and commercial operations targeted for 2028. Miahona’s participation reflects its continued strategic positioning in SWPC’s PPP pipeline. If Miahona secures either of these projects, it would represent an upside risk to valuation, unlocking multi-decade revenue visibility not yet priced into current forecasts.

Upcoming BOOT and ROT tenders in KSA (2025-26e):

As per SWPC 7-year plan statement (2024-30), Miahona has identified various BOOT and ROT project pipelines with expected financial close dates over 2025-26e. These include:

- 5 BOOT EPC contract valued at ~SAR10.6bn (as per GIBC calculations). Based on a conservative win rate of 40% (80% historical average), an ownership stake of 40%, ROE of 20%, and 75% debt, we derive the potential incremental value of SAR296mn,
- 4 ROT EPC contracts with an estimated EPC value of SAR1.1bn (as per GIBC calculations). We assume a win rate of 40%, ownership shares of 70%, an ROE of 20%, and 75% debt, resulting in a potential additional value of SAR32mn. However, the actual impact might vary once we get more details about the economics of these projects.

Figure 3: BOOT Tenders (2025-26)*

Project	Type	Capacity (m3/d)	RFP Publish**	Financing close**
Riyadh East	ISTP	200,000	3Q25	2026
Western Cluster	SSTP	89,000	2Q26	2027
Central Cluster	SSTP	130,000	2Q26	2027
Eastern Cluster	SSTP	18,000	3Q26	2027
Southern Cluster	SSTP	69,500	4Q26	2027

Source: Company data, SWPC, NWC, GIB Capital. *The pipeline is dynamic and is subject to continuous updates; ** Estimated dates - may be changed based on official procurement

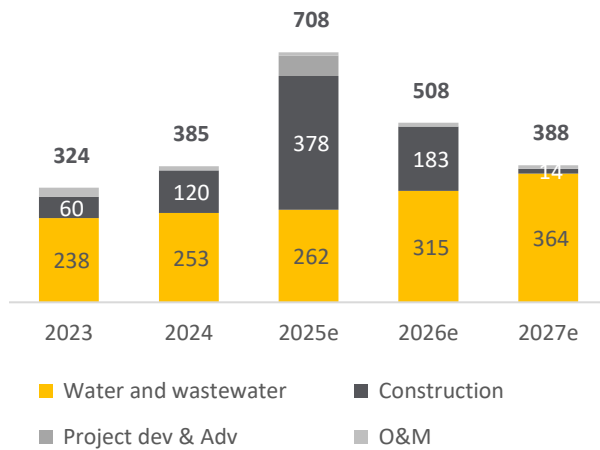
Figure 4: ROT Tenders (2025-26)*

Project	Type	Capacity (m3/d)	RFP Publish**	Financing close**
LTOM 13, North	ISTP	272,000	1Q26	2027
LTOM 14, East	SSTP	184,400	2Q26	2027
LTOM 15, East	SSTP	152,000	2Q26	2027
LTOM 16, Central	SSTP	153,000	3Q26	2027

Source: Company data, SWPC, NWC, GIB Capital. *The pipeline is dynamic and is subject to continuous updates; ** Estimated dates - may be changed based on official procurement

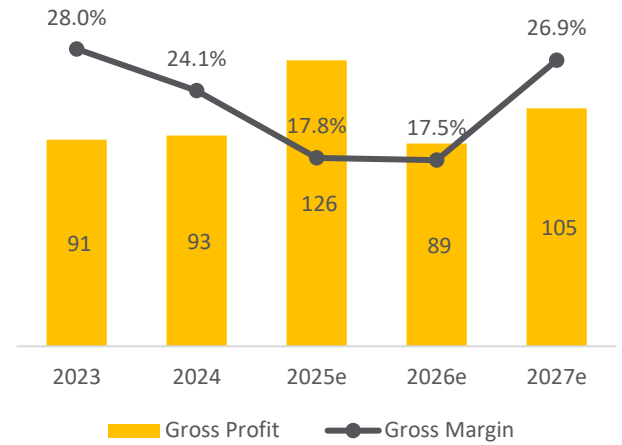
Financial analysis in charts

Figure 5: Revenue (SARmn)



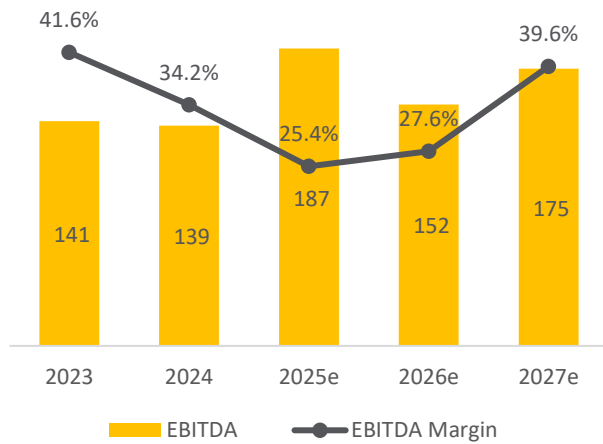
Source: Company data, GIB Capital

Figure 6: Gross profit (SARmn) and gross margin



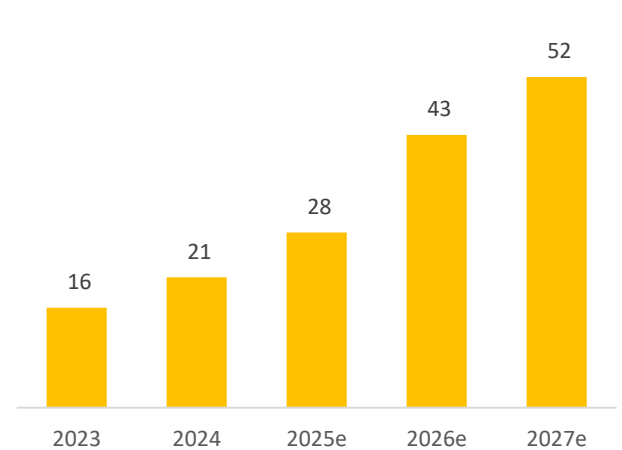
Source: Company data, GIB Capital

Figure 7: EBITDA (SARmn) and EBITDA margin*



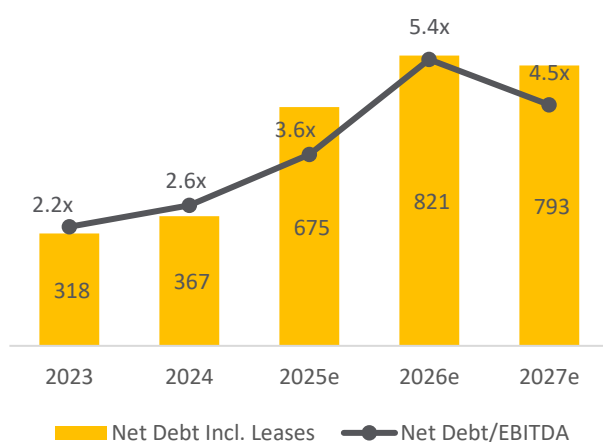
Source: Company data, GIB Capital, *Including finance income

Figure 8: Finance income on concession receivable (SARmn)



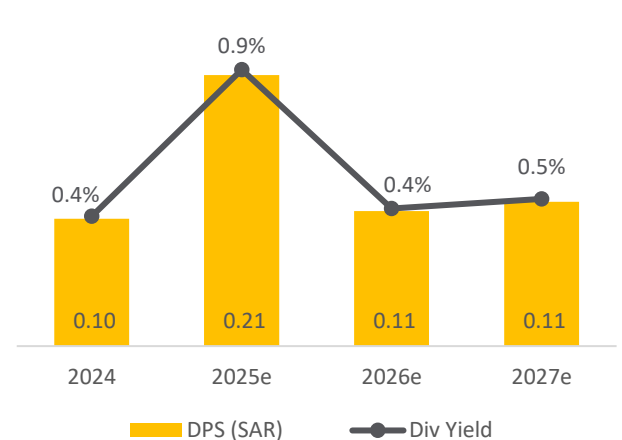
Source: Company data, GIB Capital

Figure 9: Leverage (SARmn)



Source: Company data, GIB Capital

Figure 10: Dividend



Source: Company data, GIB Capital

Financials

Figure 11: Summarized basic financial statements (SARmn)

Income statement	2022a	2023a	2024a	2025e	2026e	2027e
Revenue	276	324	385	708	508	388
revenue y/y	8%	18%	19%	84%	-28%	-24%
COGS	(189)	(234)	(292)	(582)	(419)	(284)
Gross Profit	87	91	93	126	89	105
Gross Profit margin	31%	28%	24%	18%	18%	27%
General and administrative expenses	(30)	(20)	(37)	(39)	(42)	(45)
Other operating expenses	(0)	(0)	(1)	12	1	1
Operating profit	57	70	55	99	48	60
Operating margin	21%	22%	14%	14%	9%	15%
Finance costs, net	(22)	(34)	(41)	(48)	(59)	(77)
Finance income	15	15	16	21	28	43
Other	5	11	13	18	17	18
PBT	55	63	47	96	49	53
Zakat/tax	(5)	(6)	(6)	(7)	(5)	(5)
Net income	50	57	41	86	43	46
Net margin	18%	17%	11%	12%	8%	12%
y/y	98%	14%	-28%	118%	-50%	8%
EPS	0.3	0.4	0.3	0.5	0.3	0.3
DPS	0.1	0.0	0.1	0.2	0.1	0.1
EBITDA*	118	141	139	187	152	175
EBITDA margin*	43%	44%	36%	26%	30%	45%

Balance Sheet	2022a	2023a	2024a	2025e	2026e	2027e
Trade and other receivables	122	63	54	68	70	81
Concession contract receivables	21	35	35	38	46	45
Prepayments and advances	28	26	26	32	33	38
Contract assets	23	38	7	7	7	7
Cash and cash equivalents	68	136	144	199	73	84
Other current assets	50	28	94	94	95	96
Total Current Assets	312	326	360	437	324	351
Property and equipment	8	8	7	12	11	10
Intangible assets	359	346	349	322	302	281
Right-of-use assets	8	12	10	61	54	47
Concession contract receivables	264	270	361	717	871	863
Other non-current assets	12	27	64	70	75	81
Total Non-Current Assets	651	663	791	1,181	1,312	1,282
Total Assets	963	989	1,150	1,619	1,637	1,633
Current Liabilities	155	150	265	403	377	356
Non-current Liabilities	466	446	440	714	731	719
Equity#	343	393	446	501	529	558
Total Equity and Liabilities	963	989	1,150	1,619	1,637	1,633
BVPS	2.1	2.4	2.8	3.1	3.3	3.5
Cashflow	2022a	2023a	2024a	2025e	2026e	2027e
Cashflow from Operations	60	113	138	169	56	62
Cashflow from Investing	(52)	(22)	(186)	(385)	(185)	(16)
Cashflow from Financing	(36)	(23)	56	271	3	(36)
Total Cashflows	68	136	144	199	73	84

Source: Company, GiB Capital, # Equity holders of the group, * incl. finance income

Figure 12: Key ratios

Key ratios	2022a	2023a	2024a	2025e	2026e	2027e
Profitability ratios						
RoA	5%	6%	4%	5%	3%	3%
RoE	15%	14%	9%	17%	8%	8%
Sales/Assets	29%	33%	33%	44%	31%	24%
Net margin	18%	17%	11%	12%	8%	12%
Liquidity ratios						
Current Assets/ Current Liabilities	2.0	2.2	1.4	1.1	0.9	1.0
Inventory days	10	12	13	11	11	11
Receivable days	167	82	69	69	69	69
Payable days	199	148	140	100	110	140
Cash conversion cycle	-22	-54	-57	-20	-30	-60
Debt ratios						
Net Debt/EBITDA (w/o IFRS liab.)*	3.3	2.2	2.6	3.3	5.1	4.3
Net Debt/EBITDA (w/ IFRS liab.)*	3.4	2.2	2.6	3.6	5.4	4.5
Debt/Assets (w/o IFRS liab.)	0.5	0.4	0.4	0.5	0.5	0.5
Net Debt/Equity (w/o IFRS liab.)	1.2	0.8	0.8	1.2	1.5	1.3
Net Debt/Equity (w/ IFRS liab.)	1.2	0.8	0.8	1.3	1.6	1.4
Valuation ratios						
P/E	79.1	69.9	97.3	46.2	92.9	86.8
P/B	11.6	10.1	8.9	7.9	7.5	7.1
EV/EBITDA	36.4	30.5	31.2	23.1	28.4	24.7
FCF Yield		2.2%	1.3%	-4.3%	-1.9%	3.0%
Dividend Yield	0.5%	0.0%	0.4%	0.9%	0.4%	0.5%

Source: Company data, GIB Capital, *EBITDA includes finance income

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