

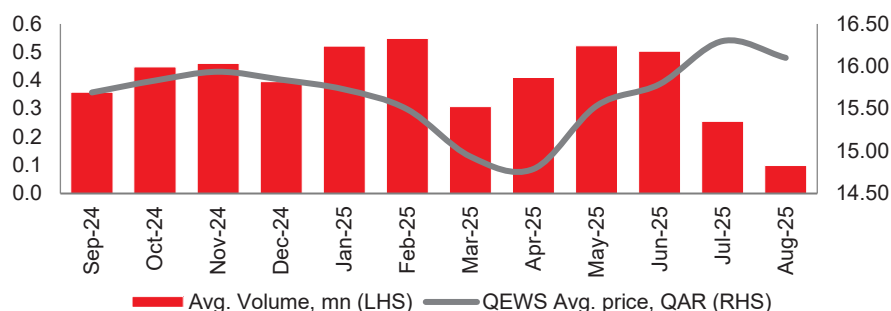
Company

Qatar Electricity & Water Co.

2Q25 Result Review

Rating**Buy****Bloomberg Ticker****QEWS QD****Date**

5 August 2025

Results**Target Price QAR** 20.5**Upside/ Downside** 27.3%**Topline edges higher in 2Q25, matching our expectations**

QEWS' revenue increased by 3% YoY in 2Q25, coming in line with our estimate. This was driven by the contribution from the electricity and water segments, with both segments clocking identical revenue growth of 3% YoY.

Net profit rises on lower finance costs and higher income from associates

Operating profit grew at a relatively slower rate (vs. revenue) in 2Q25 owing to an 11% YoY increase in the G&A expense. However, net profit grew by 4% YoY primarily due to a decrease in finance costs (-42% YoY) and an increase in the share of profits from associates (+25% YoY). D/E increased to 0.43x at 2Q25-end vs. 0.39x at 4Q24-end.

U-Capital view

QEWS' power & water capacities are expected to increase significantly by FY29, which offers confidence that its earnings potential will improve in the future. Hence, we maintain our target price of QAR 20.5 and reiterate our Buy rating on the stock. Currently, the stock trades at 13.6x on our FY25e EPS.

Current Market Price (QAR)	16.10
52wk High / Low (QAR)	16.74/14.3
12m Average Vol. (000)	425.8
Mkt. Cap. (USD/QAR mn)	4,859/17,710
Shares Outstanding (mn)	1,100.0
Free Float (%)	39%
3m ADTV (QAR mn)	6.6
6m ADTV (QAR mn)	6.5
P/E'25e (x)	13.6
EV/EBITDA'25e (x)	8.3
Dividend Yield '25e (%)	4.5%
Price Perf. (1m/3m) (%)	1.6/6.7

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last report**Financial Summary**

QAR mn	2Q24	3Q24	4Q24	1Q25	2Q25	2Q25e	YoY	QoQ	Var.	1H24	1H25	YoY
P&L												
Revenue	744	834	733	681	764	741	3%	12%	3%	1,431	1,445	1%
Gross profit	234	256	278	209	244	234	4%	17%	4%	459	452	-1%
Operating profit	177	205	195	138	181	177	2%	31%	2%	336	319	-5%
Net profit	361	509	227	288	375	329	4%	30%	14%	680	662	-3%
BS												
Sh. Equity	14,871	14,726	15,360	15,051	15,469		4%	3%		14,871	15,469	4%
Ratios												
Gross margin	31.5%	30.7%	38.0%	30.6%	31.9%	31.6%				32.1%	31.3%	
Operating margin	23.9%	24.5%	26.6%	20.2%	23.7%	23.9%				23.5%	22.0%	
Net profit margin	48.6%	61.0%	31.0%	42.2%	49.1%	44.4%				47.5%	45.8%	
EPS, QAR	0.33	0.46	0.21	0.26	0.34	0.30				0.62	0.60	
RoE (TTM)					9.2%							
TTM P/E (x)					12.7							

Source: Financials, QSE, Bloomberg, U Capital Research



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Recommendation

BUY	ACCUMULATE	HOLD	REDUCE	SELL
Greater than 20%	Between +10% and +20%	Between +10% and -10%	Between -10% and -20%	Lower than -20%

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