

# Al Mahhar Holding Company Q.P.S.C.

Al Mahhar Holding Company Q.P.S.C. is a holding entity based in Qatar, primarily engaged in the Energy and Infrastructure sectors. Its operations are executed through a network of subsidiary companies.

Ramzi Qasmieh



Al Mahhar Holding Company Subsidiary **Petrotec** Signs  
Equipment Refurbishment and Sales Agreement with  
Seatrax UK LTD

# Key Activities

## **1 Distribution of OEM Equipment**

Distribution of Original Equipment Manufacturer (OEM) equipment and spare parts tailored for the energy sector.

## **2 MRO Services**

Offering Maintenance, Repair, and Operations (MRO) services specifically for the energy sector.

## **3 Infrastructure Supply**

Supplying equipment and spare parts to contractors and various clients within the infrastructure sector.

## **4 Equipment Rental**

Providing rental equipment services to both the energy and infrastructure sectors.

## **5 Design & Assembly**

Engaging in design and assembly activities.

# Company Milestone

## Ownership Structure

## Insider Holdings

72.54% Shares Held by All Insider,  
demonstrating significant internal  
investment in the company.

## Institutional Presence

0.11% Shares Held by Institutions,  
with 0.40% Float Held by  
Institutions. Currently 2 Institutions  
Holding Shares.

## Ownership Analysis

The company's ownership structure shows significant insider holdings with minimal institutional investment.

## Company Timeline

1

## Initial Listing

The company was first listed on the startup platform in 2023.

2

## Growth Period

Less than two years of development and expansion.

3

## Market Transition

The company transitioned from the startup market to the main market on February 24, marking a significant milestone less than two years after its initial listing on the startup platform.

# Financial Performance Drivers

1

## Energy Sector Impact

Performance tied to global oil/gas prices and Qatar's energy policies, driving revenue through energy project activities.

2

## Infrastructure Development

Growth driven by Qatar's infrastructure projects and government investment initiatives.

3

## Economic Environment

Influenced by Qatar's economic growth and regional market conditions, with global economic implications.

4

## Financial Management

Success dependent on effective cost control, capital allocation, and cash flow management.

5

## Operational Excellence

Performance enhanced through efficient subsidiary operations and timely project delivery.

These interconnected factors drive Al Mahhar's financial performance, with each element contributing to the company's overall success and growth trajectory.

# SWOT Analysis: Strengths

## Established Presence in Key Sectors

Al Mahhar Holding has a robust presence in Qatar's essential energy and infrastructure sectors, providing a solid foundation for its operations.

## Diversified Portfolio

The company engages in a variety of activities, including OEM equipment sales, MRO services, and equipment rentals, which mitigates dependence on a single source of revenue.

## Subsidiary Company Strength

With subsidiaries like Petrotec, the company can penetrate specialized markets more effectively.

## Move to Main Market

The recent shift to the Qatar Stock Exchange's Main Market boosts visibility, enhances credibility, and may lead to more trading liquidity.

## Local Expertise

The company benefits from long-standing relationships with local firms and possesses significant expertise in the Qatari market.



# SWOT Analysis: Weaknesses



## Market Volatility

The energy and infrastructure sectors are susceptible to economic fluctuations, which may affect the company's overall performance.



## Financial Volatility

The strain of infrastructure operations and the company's substantial financial losses from it.



## Dependence on Regional Economy

A significant portion of the company's operations is concentrated in the Qatari market, which poses risks in the event of a regional economic downturn.



## Account Receivables

Accounts receivable represent approximately 46% of the company's total assets, reflecting the nature of its operations; however, this necessitates the establishment of provisions for potential bad debts. In this context, the company recorded a write-off of receivables totaling QAR 3.56 million in the year 2023.

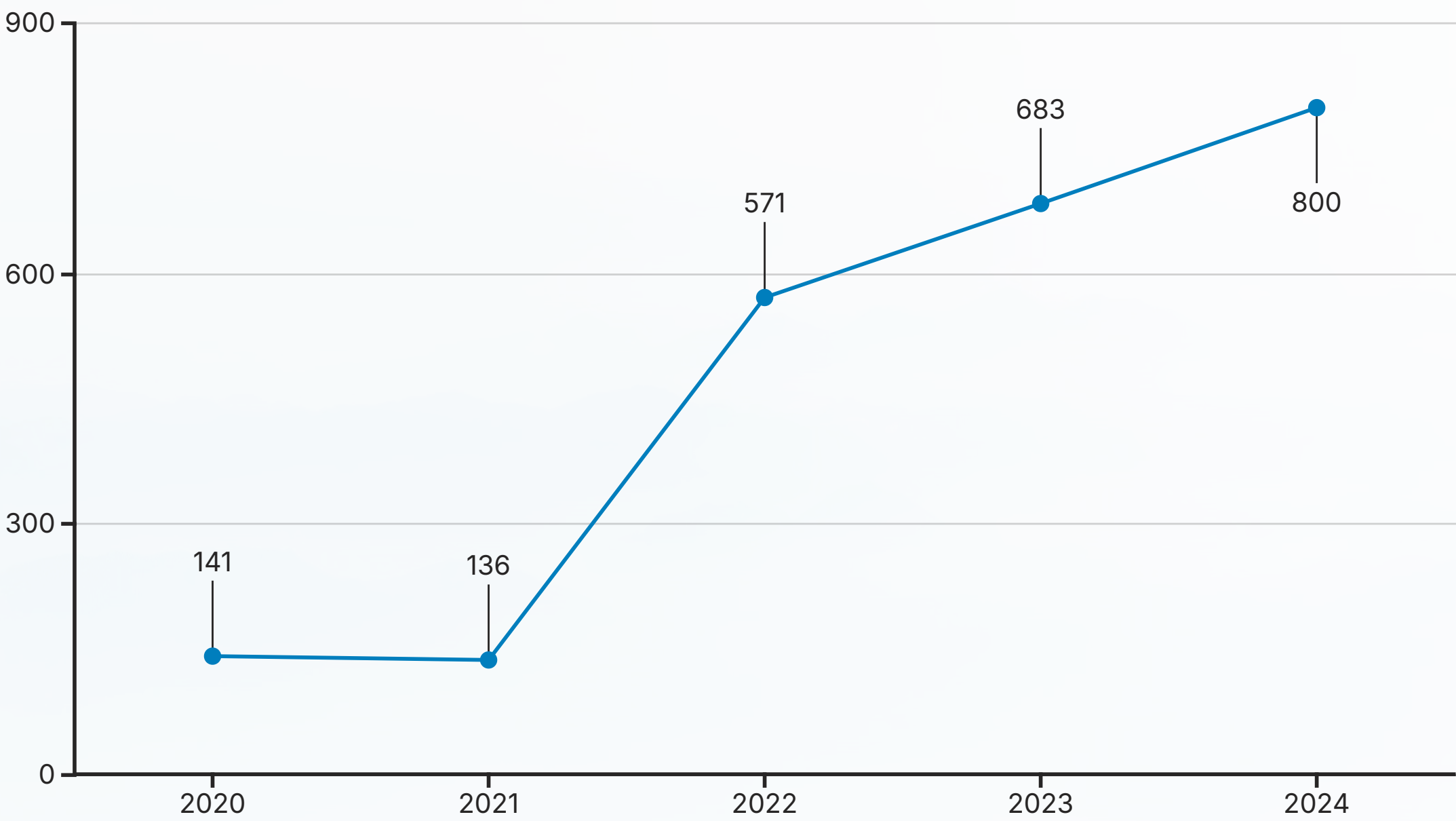
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WEAKNESSES

OPPORTUNITIES



# Revenue Growth in million



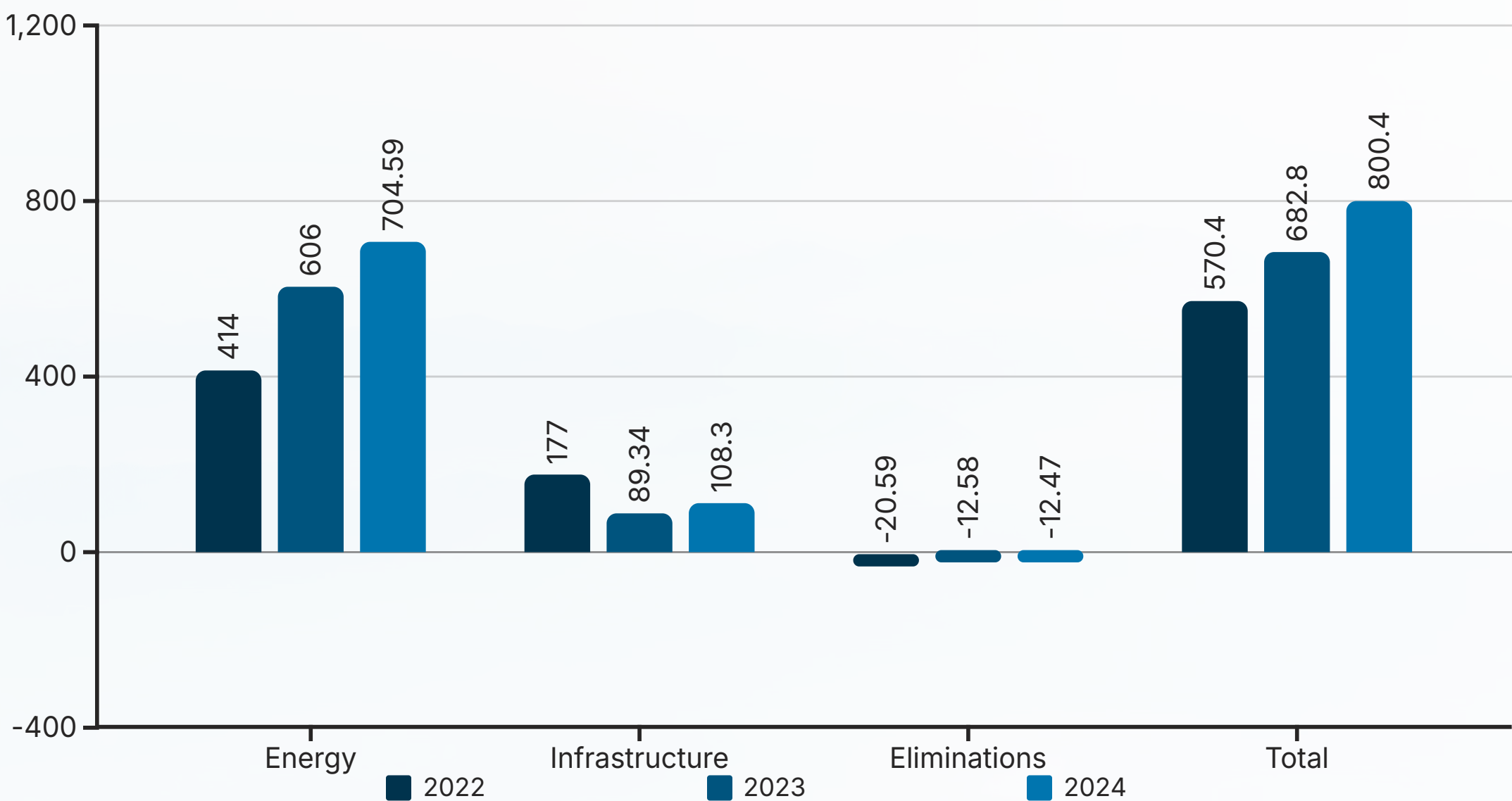
The company has experienced significant growth in its annual revenues. Over the course of five years, it successfully increased its profits by nearly 4.7 times. This remarkable financial progress highlights the company's ability to enhance its profitability consistently year after year. Such a substantial multiplication of profits underscores the effectiveness of its strategic initiatives and operational efficiencies.

The company's total revenues consist of roughly 61% derived from the government sector.

Steady growth is observed over the past five years, supported by increased drilling activity in the country.



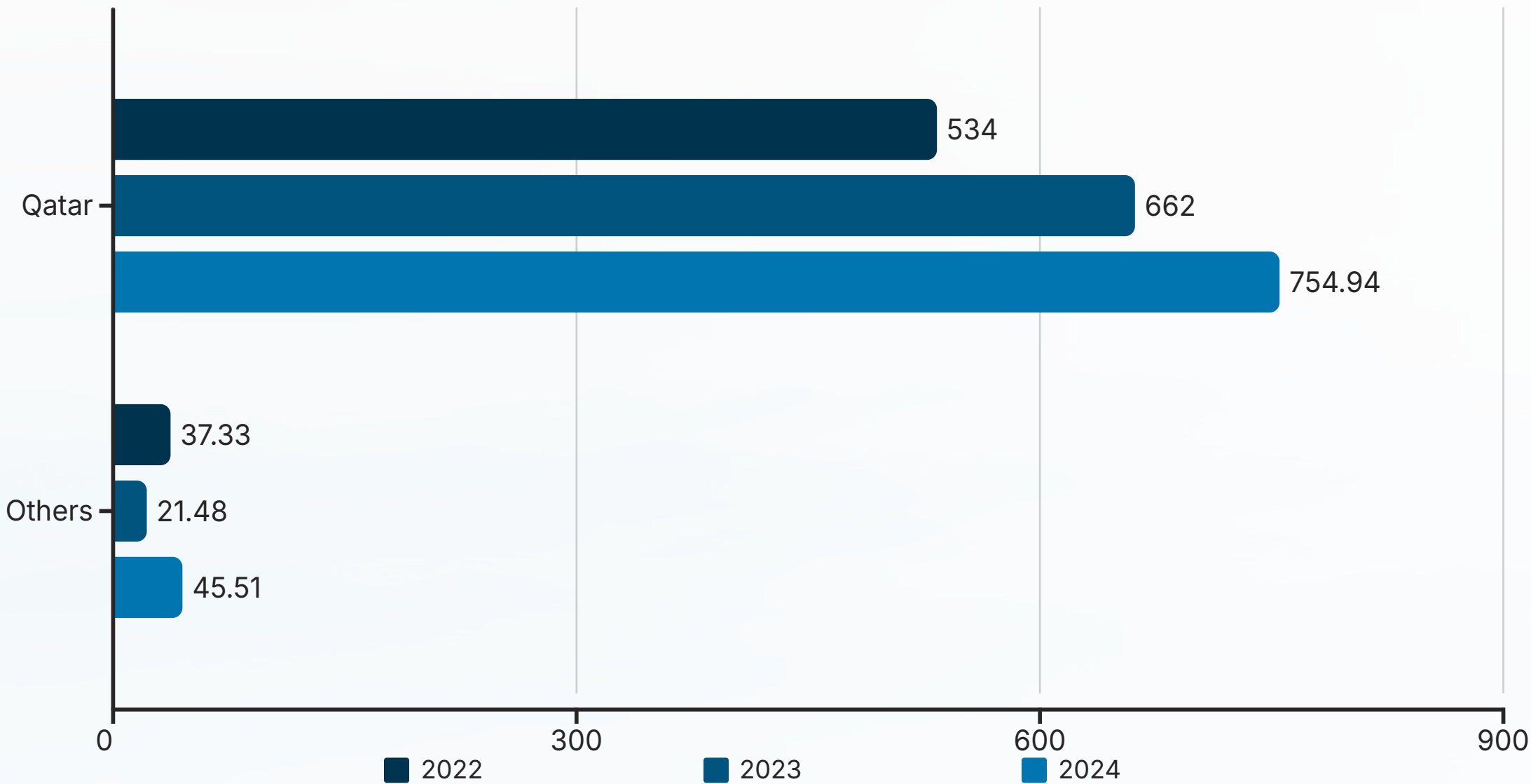
# Revenue by Sector in million



The energy sector maintains its contribution of about 87% of the company's total revenues from year to year, most of which are sales of equipment related to the maintenance of gas and oil fields. This sector's revenues (equipment) grew on an annual basis by about 23%.

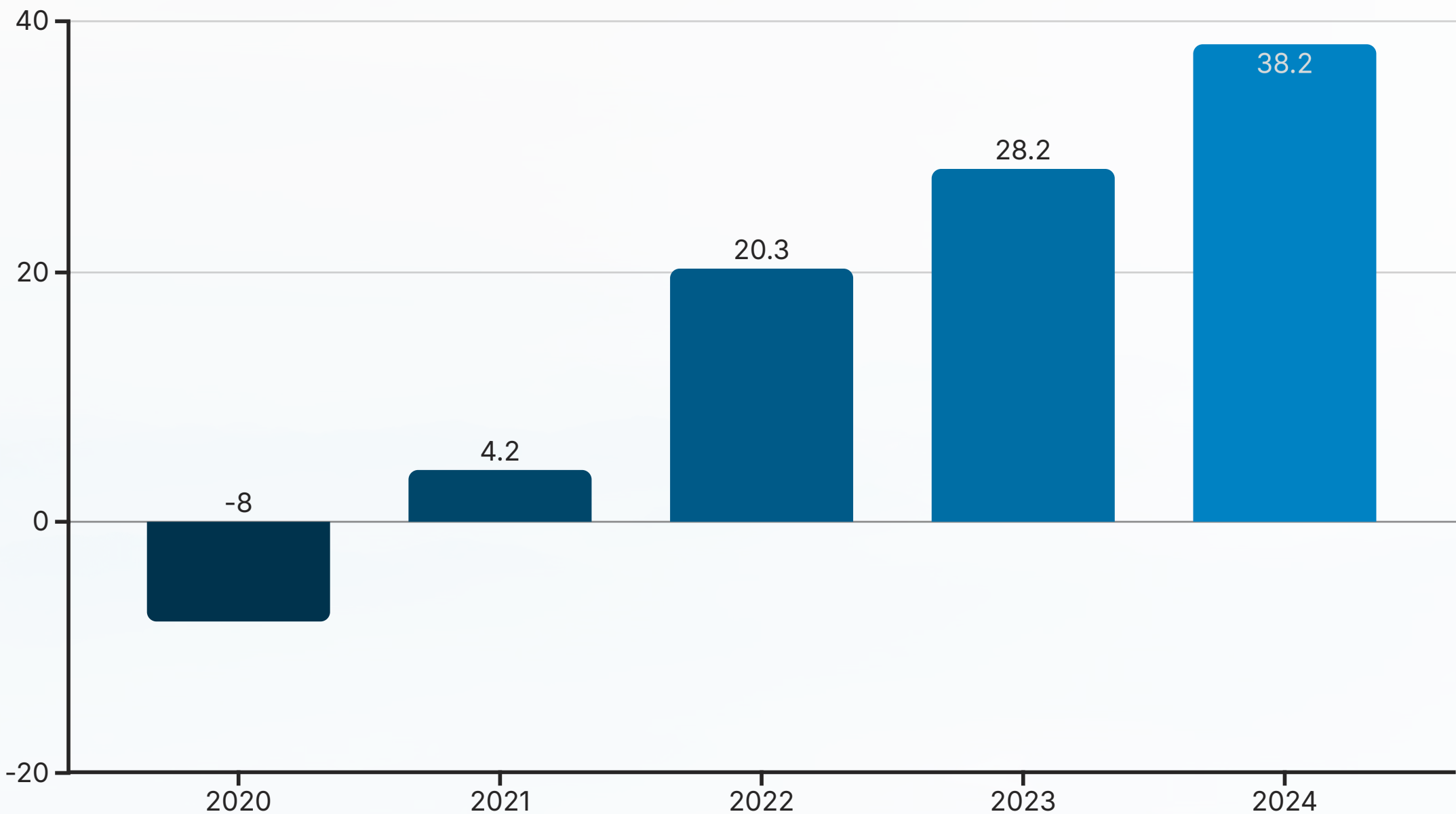


# Revenue by Country in million



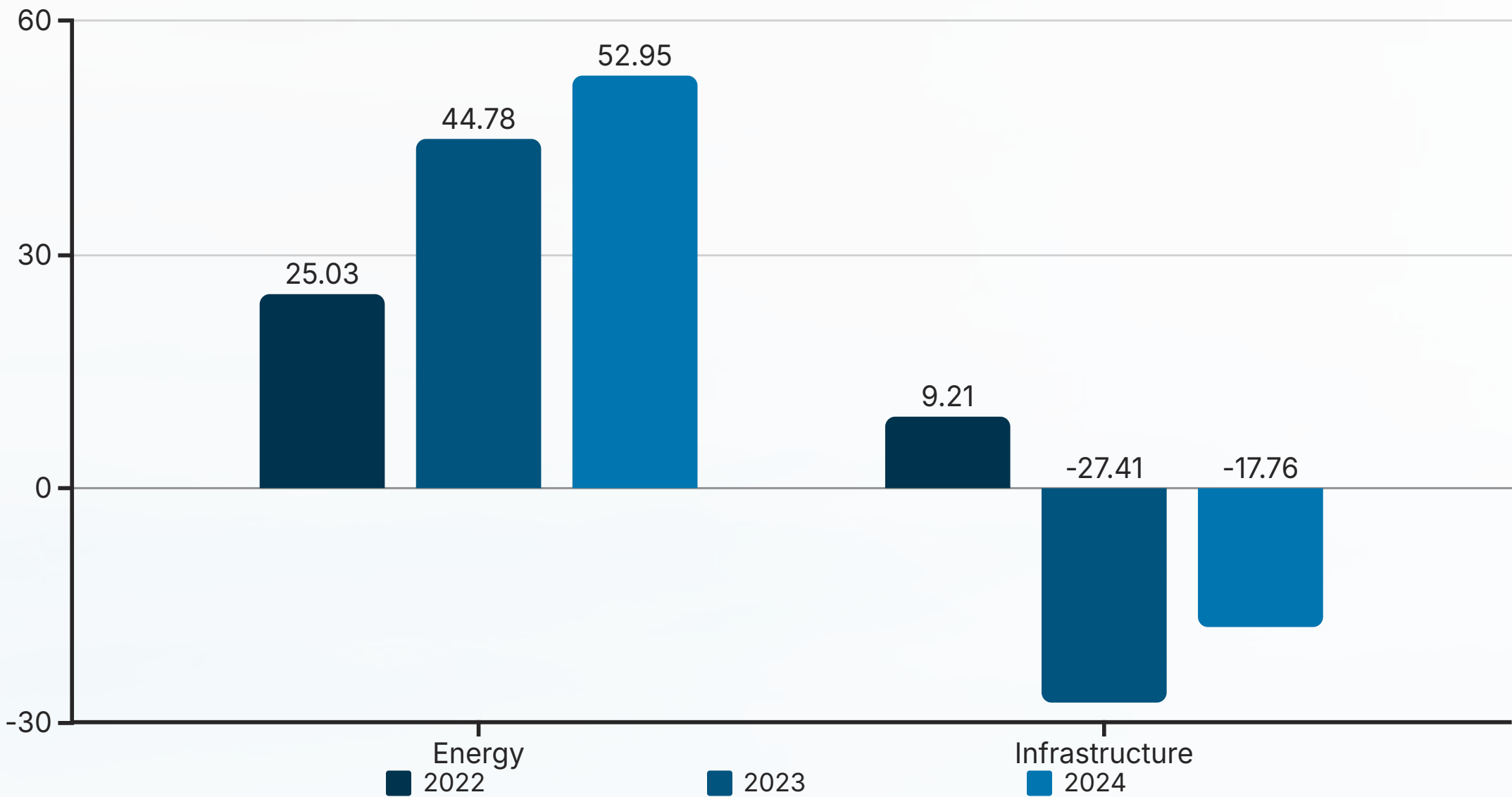
The data clearly shows that Qatar remains the primary market for Al Mahhar Holding, with consistent growth in revenue from 2022 to 2024. While international operations ("Others") experienced a decline in 2023, they rebounded significantly in 2024, more than doubling from the previous year.

# Net Income for the last 5 years in million



Al Mahhar Holding has shown remarkable improvement in net income over the five-year period, transitioning from a loss of QAR 8 million in 2020 to a profit of QAR 38.2 million in 2024, representing a strong recovery and consistent growth trajectory.

# Net Income by Business Segment



The information shown in the table reveals that the energy sector is the main driver of the company's profitability. By the end of 2024, the net profit margin was around 7.5%, a figure that is nearly identical to that of 2023.

On the other hand, the infrastructure sector continues to pose a considerable challenge to the company's overall profitability, with losses surpassing 45 million riyals in the last two years. This persistent financial burden highlights the necessity for strategic changes in this area to improve the company's financial results.

# Key Market Metrics

## Company Value

- **Market Cap:** 485.42M
- **Enterprise Value:** 489.71M
- **Free float:** 28%

## Price Ratios

- **Trailing P/E:** 13.03x
- **Forward P/E:** 9.61x
- **Price/Book:** 1.40x
- **Price/Revenue:** 0.61x

## Enterprise Ratios

- **Enterprise Value/Revenue:** 0.61x
- **Enterprise Value/EBITDA:** 8.37x

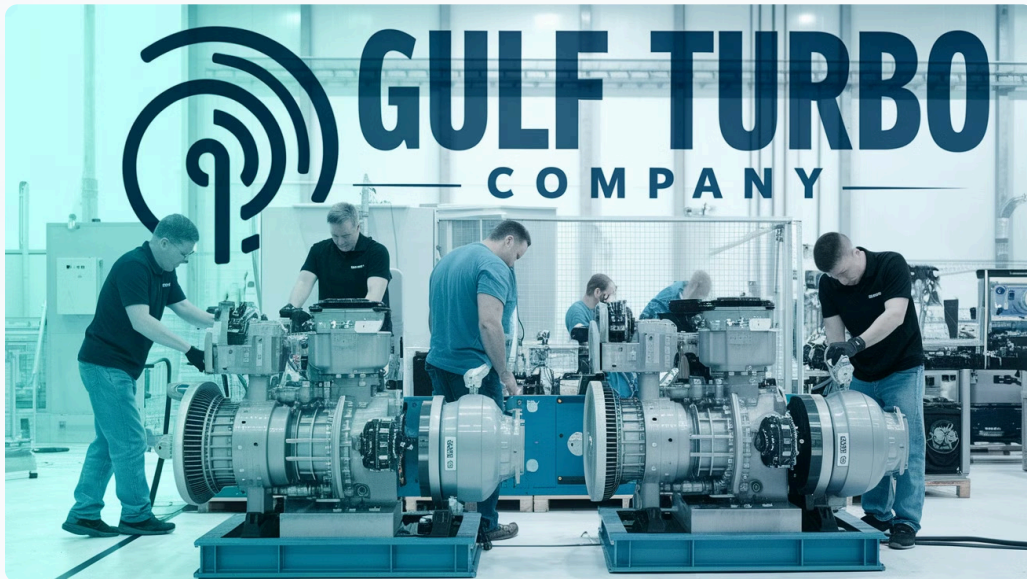
Al Mahhar Holding shows moderate market valuation with a trailing P/E of 13.03x and forward P/E of 9.61x. The Price/Book ratio of 1.40x indicates trading above book value, while the EV/EBITDA of 8.37x reflects the company's operational valuation efficiency relative to its enterprise value of 489.71M.



# Associated Companies Performance

## Gulf Turbo Company (45% Stake)

Al Muhar's share of profits from an associated company rose by about 2.8 million riyals, a 50% increase, due to its 45% stake in Gulf Turbo Company, which produces marine pumps and engines and provides maintenance services for the gas and oil industry.



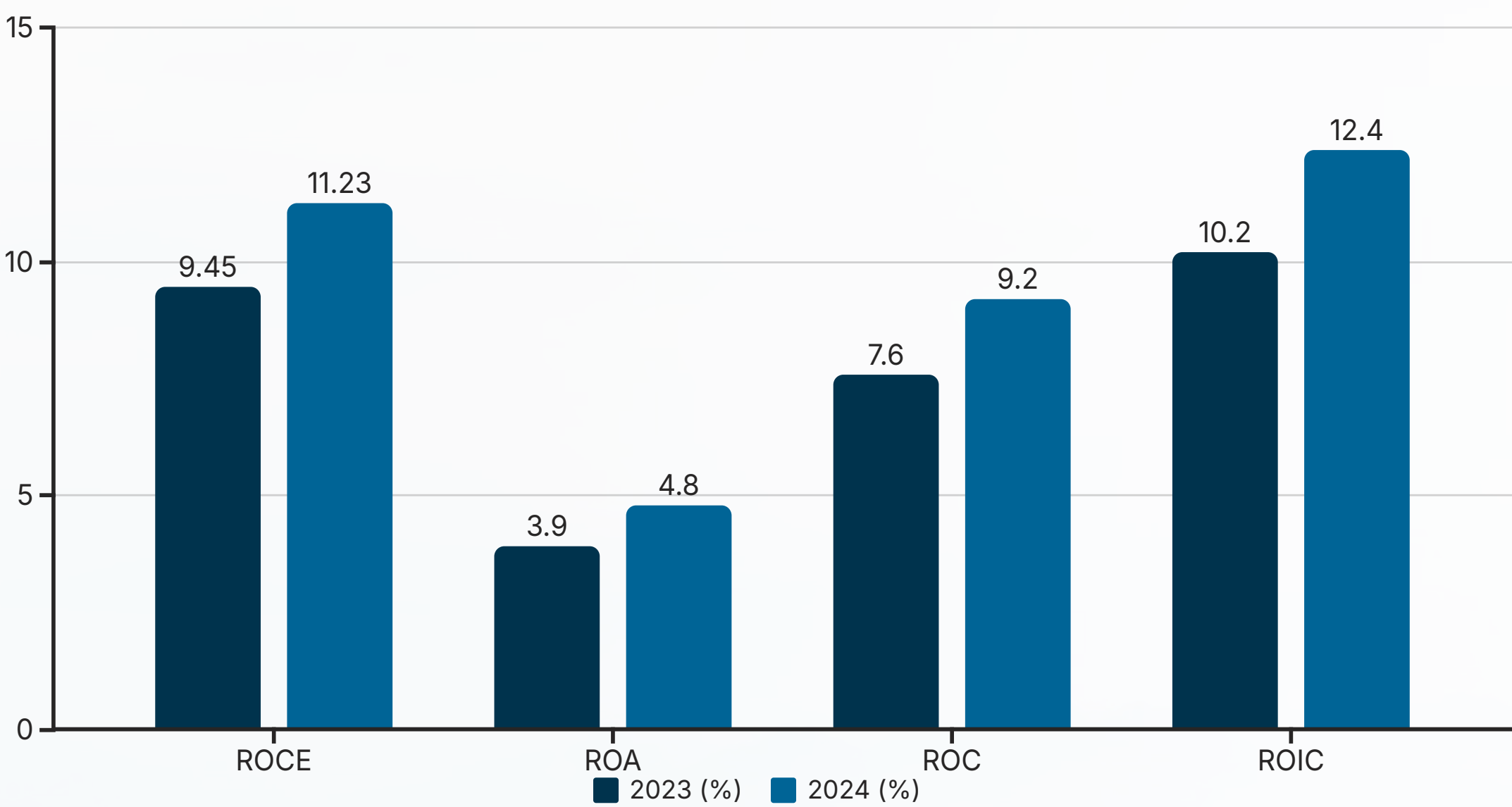
## Solarca (50% Stake)

Al Muhar holds a 50% stake in Solarca, a company engaged in the trading of tools and equipment. In 2024, Al Muhar's portion of the company's profits experienced a remarkable increase, soaring over 6 times to reach 3.3 million riyals.



# Return Ratios

Al Mahhar's profitability ratios show meaningful improvement from 2023 to 2024, highlighting the company's enhanced operational efficiency and successful implementation of strategic initiatives over the past year.



The year-over-year improvement across all metrics, particularly the 18.8% increase in Return on Common Equity from 9.45% to 11.23%, demonstrates the company's continued focus on generating higher returns from shareholders' investments. This growth reflects the culmination of strategic initiatives implemented throughout 2023 that reached full effectiveness in 2024.

## ROCE Performance

The Return on Common Equity (ROCE) improvement to 11.23% represents a 1.78 percentage point increase from 2023, indicating enhanced efficiency in utilizing shareholder capital

## Capital Efficiency

The Return on Capital (ROC) increased from 7.6% to 9.2%, reflecting a 21% improvement in the company's ability to generate returns from its overall capital structure

## Asset Utilization

Return on Assets (ROA) grew from 3.9% to 4.8% year-over-year, showing better operational efficiency and more productive deployment of the company's asset base

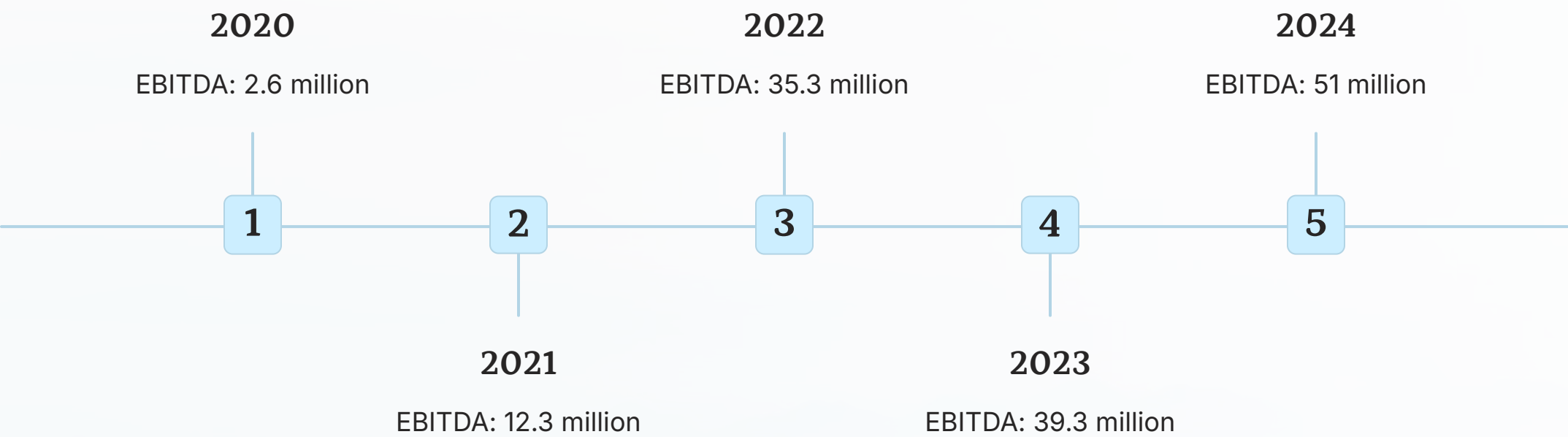
## Investment Returns

Return on Invested Capital (ROIC) grew from 10.2% to 12.4%, demonstrating stronger performance from the company's strategic investments made over the previous year

These year-over-year improvements are particularly significant as they build upon the positive trajectory established in 2023, suggesting that Al Mahhar's operational enhancements are creating sustainable value rather than representing one-time gains. The consistent progression across all return metrics positions the company favorably against industry competitors and provides a strong foundation for continued growth in 2025.

# Margin Ratios & EBITDA

Al Mahhar demonstrated mixed performance in key margin ratios from 2023 to 2024, with EBITDA growth continuing despite efficiency challenges in some areas.



EBITDA grew 29.8% from 39.3 million in 2023 to 51 million in 2024, reaching its highest level in the five-year period and continuing the upward trend since 2020.

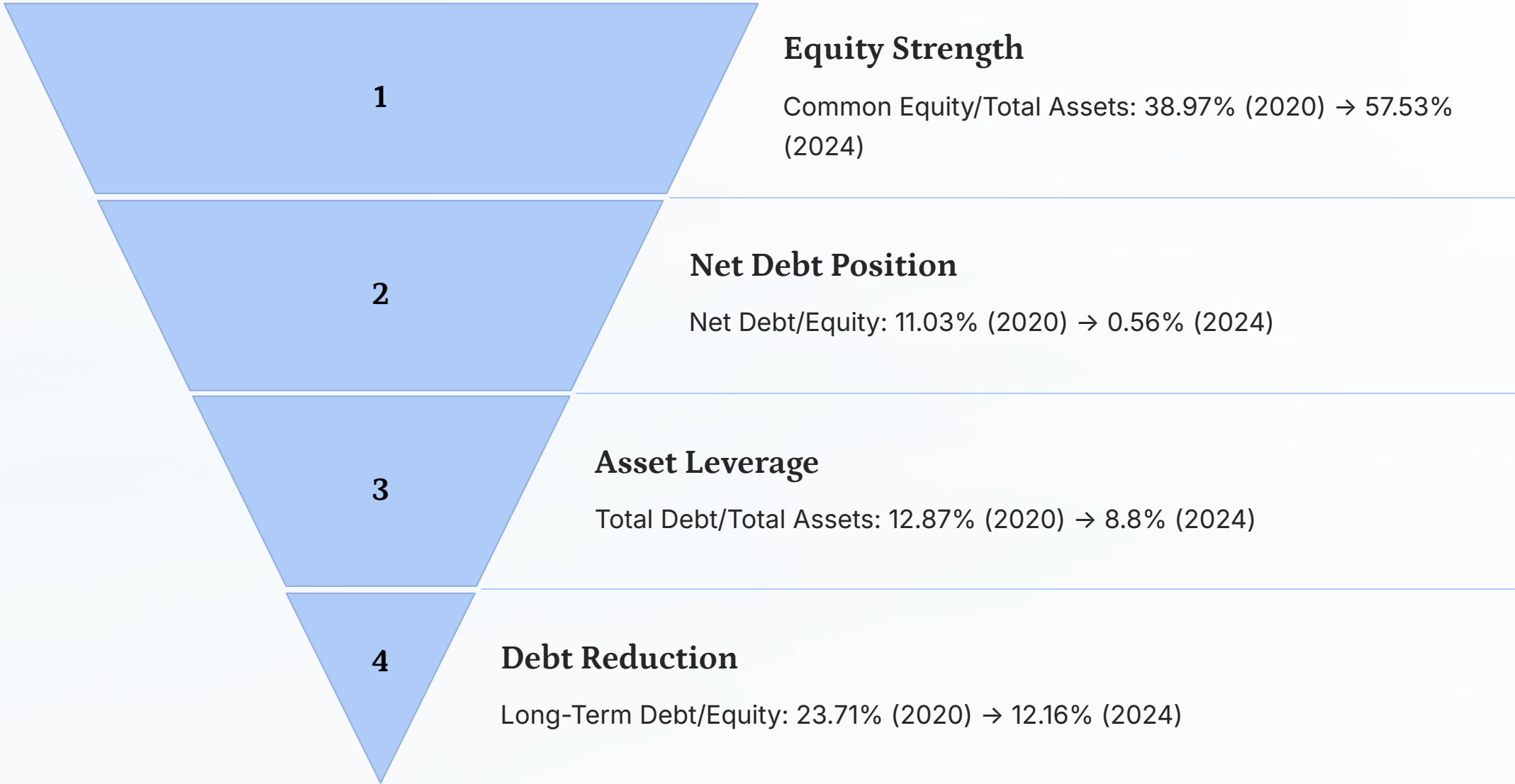
## Key Margin Trends (2023 vs 2024)

<div><b>Gross Margin: 18.05% ↓</b></div> <div>Decreased by 1.17% from 19.22% in 2023</div>	<div><b>EBITDA Margin: 6.37% ↓</b></div> <div>Decreased by 0.48% from 6.85% in 2023</div>
<div><b>Operating Margin: 3.90% ↑</b></div> <div>Increased by 0.45% from 3.45% in 2023</div>	<div><b>Net Income Margin: 4.76% ↑</b></div> <div>Increased by 0.66% from 4.10% in 2023</div>

Despite declines in Gross Margin and EBITDA Margin, both Operating Margin and Net Income Margin improved in 2024, with Net Income Margin rising to 4.76%, indicating enhanced bottom-line efficiency despite upstream margin pressures.

# Credit Ratios

The company primarily depends on equity from shareholders as the foundation of its financing framework. The proportion of long-term loans in relation to shareholders' equity remains below 12%, and the ratio of long-term debt to total assets does not exceed 9%.



Strong balance sheet -Holds more cash than debt on its balance sheet -Trading at a low P/E ratio relative to near-term earnings growth -High return over the last year -Liquid assets exceed short term obligations



# Key Ratios

Al Mahhar Holding Company's key financial metrics demonstrate strong growth and solid financial position.

800.45M

Revenue

33.9% year-over-year quarterly increase

38.08M

Net Income

47.3% year-over-year quarterly increase

44.82M

EBITDA

Strong operational performance

2.37

Current Ratio

Solid liquidity position

## Balance Sheet Strength

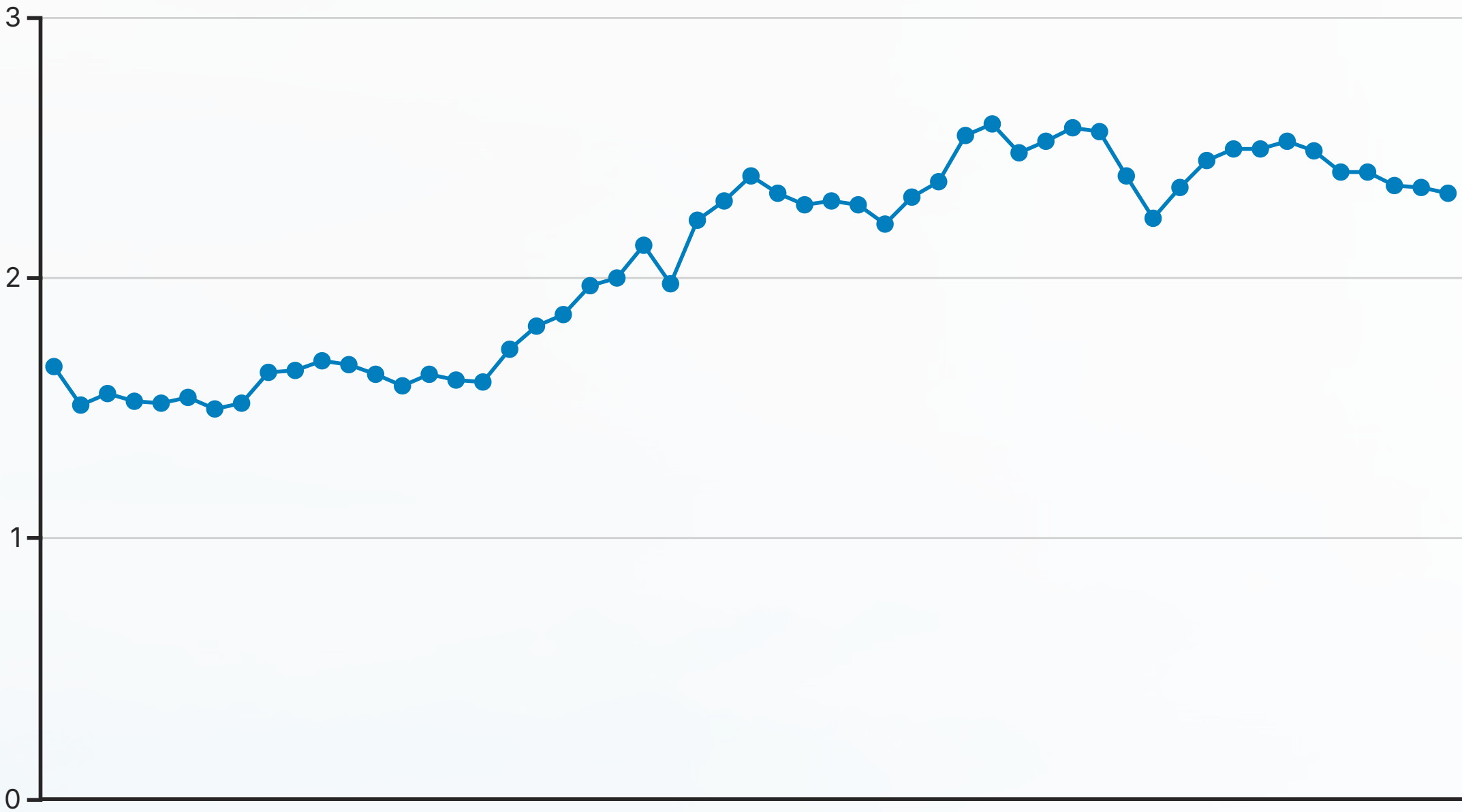
- **Total Cash:** 48.88M
- **Total Debt:** 53.17M (15.05% Debt/Equity ratio)
- **Book Value Per Share:** 1.68 (mrq)

## Profitability Details

- **Revenue Per Share:** 3.87 (ttm)
- **Gross Profit:** 139.73M (ttm)
- **EPS (Diluted):** 0.1800 (ttm)

# Stock Performance for one year

Al Mahhar Holding stock has shown significant growth over the past year, rising from QAR 1.66 in March 2024 to QAR 2.33 in March 2025, representing a 40.4% increase. The stock displayed strong momentum in the second half of 2024, peaking at QAR 2.59 in November before stabilizing around the QAR 2.35 level in early 2025.



# Valuation Analysis

Two complementary approaches to company valuation demonstrate potential upside:

## 1. EBITDA Multiple Valuation

### Key Assumptions

- Terminal EBITDA at Year 5: 109m
- WACC: 11.7%
- Exit Multiple: 7x

### Value Components

- Terminal Value: 1,199m
- PV of Terminal Value: 763m
- PV of Free Cash Flows: 216.7m

## 2. DCF Valuation

### Key Assumptions

- Free Cash Flow at Year 5: 69m
- WACC: 11.7%
- Perpetuity Growth: 2.0%

### Value Components

- Perpetuity Value: 728.4m
- PV of Perpetuity: 418.9m
- PV of Free Cash Flows: 216.7m

Common Enterprise Value Adjustments:

- Current Net Debt: (30m) [Cash 51m - ST Debt 5m - LT Debt 16m]
- Current Preferred and Minority Interest: 6m

3.28

EBITDA Multiple Value per Share

39% potential upside from current price

3.22

DCF Value per Share

36% potential upside from current price

2.37

Current Market Price

Current trading price per share

# EBITDA Multiple

## EBITDA Multiple Method - Value per Share

Terminal EBITDA at Year 5	109
WACC	11.7%
Exit Enterprise Value / EBITDA	7.0x
Terminal Value at End of Year 5	763
Present Value of Terminal Value (@ 11.7% WACC)	439
(+) Present Value of Free Cash Flows (@ 11.7% WACC)	217
(=) Current Enterprise Value	655.5
Short Term Debt	5
(+) Long Term Debt	16
(-) Cash and Marketable Securities	51
(-) Current Net Debt	(30)
(-) Current Preferred and Minority Interest	6
(=) Equity Value	680
Shares outstanding	207
Estimated Value per Share (QAR)	3.28
Current Price (QAR)	2.37
Estimated Upside	39%



# Discounted Cash Flow

(QAR in millions)		2025	2026	2027	2028	2029	Terminal
Profit before tax		56.2	70.4	89.8	91.3	95.0	95
(-) Net interest income/expense		4	4	5	4	4	4
(+) Depreciation & Armortization		21	20	18	18	18	18
EBITDA		73.2	86.4	102.8	105.3	109.0	109.0
(-) Tax		2.53	3.52	4.49	4.56	4.73	4.73
(-) Capex		15	25	20	21	18	18
(-) Change in NWC		10	15	-8	18	17	17
Free Cash Flow (FCF)		45.7	42.9	86.3	61.7	69.3	69.3
Terminal value							728.41
WACC / Discount rate	11.7%						
Long-term growth rate	2.00%						
Timing of FCF (mid year)		1	2	3	4	5	5
Present value of FCF		40.91	34.37	61.93	39.63	39.84	418.90
Total PV of FCF		216.7					
PV of Terminal Value		418.9					
Enterprise Value		10.7%	1.0%	1.5%	2.0%	2.5%	3.0%
Cash+Marketable Securities		11.2%	3.32	3.44	3.58	3.74	3.91
		11.7%	3.15	3.27	3.39	3.52	3.68
		12.2%	3.01	3.11	3.22	3.34	3.47
		12.7%	2.87	2.96	3.06	3.17	3.28
			2.75	2.83	2.92	3.01	3.12
(-) Current Debt		21.0					
Equity Value		665.6					
Fair Value Per Share		3.22					

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There could be a potential conflict of interest arising from QSC's involvement in preparing the report, given that it oversees portfolios holding around 9.2 million shares, which represents 4.4% of the company's total shares.