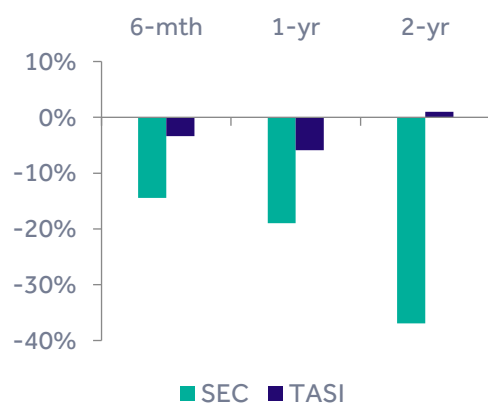


| Market Data | |
|--------------------|-----------------|
| 52-week high/low | SAR 18.30/13.96 |
| Market Cap | SAR 59,832 mln |
| Shares Outstanding | 4,167 mln |
| Free-float | 18.76% |
| 12-month ADTV | 1,482,477 |
| Bloomberg Code | SECO AB |



Solid Business Growth

May 22, 2025

Upside to Target Price 28.8%
 Expected Dividend Yield 4.9%
 Expected Total Return 33.7%

Rating Buy
 Last Price SAR 14.36
 12-mth target SAR 18.50

| SEC | 1Q2025 | 1Q2024 | Y/Y | 4Q2024 | Q/Q | RC Estimate |
|-------------------|--------|--------|-----|---------|-------|-------------|
| Operating Revenue | 19,500 | 15,858 | 23% | 22,113 | (12%) | 17,444 |
| Gross Profit | 2,874 | 2,140 | 34% | 1,421 | 102% | 2,355 |
| Gross Margins | 15% | 14% | | 6% | | 14% |
| Operating Profit | 2,348 | 2,019 | 16% | (4,122) | - | 2,240 |
| Net Profit* | 968 | 897 | 8% | (5,273) | - | 1,200 |

(All figures are in SAR mln)

* Before deducting Mudaraba Instrument.

- Operating revenues witnessed a decent growth of +23% Y/Y to SAR 19.5 bln. This beat our forecast of SAR 17.4 bln. There was a rise in required revenues in the quarter as the regulatory asset base increased in addition to higher electricity production revenue on the back of continued demand growth. Higher revenues from project development and management related to the construction of substations and transmission lines continues to augment the Company's revenues.
- Gross profit also reported a robust +34% increase Y/Y to SAR 2.9 bln with gross margins expanding by more than 100 bps Y/Y to 15%. Operating profit went up by +16% Y/Y to SAR 2.3 bln. Management has reported higher net financing charges due to growth in financing to fund the capital expenditures for business growth coupled with an increase in provisions for receivables. As a result, net profit (before Mudaraba) was a muted +8% higher Y/Y to SAR 968 mln.
- The Company has reportedly added 60,300 new customers taking the total to 11.37 mln while the distribution network has expanded to 816,000 circuit kilometers. Going ahead with its renewable energy push, 6.7 GW was connected by end of 1Q. The total installed power generation capacity reached 56 GW with a portfolio of 23.4 GW under development. A Sukuk of USD 2.75 bln was issued under its international Sukuk program, which would likely keep financial charges elevated going forward.
- The stock is still under pressure, declining further since our last note. We continue to believe this to be a good entry point for long-term investors. With a dividend yield of almost 5%, we recommend a Buy.

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■ Stock Rating

| Buy | Neutral | Sell | Not Rated |
|--|--|--------------------------------------|--------------------------|
| Expected Total Return Greater than +15% | Expected Total Return between -15% and +15% | Expected Total Return less than -15% | Under Review/ Restricted |

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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