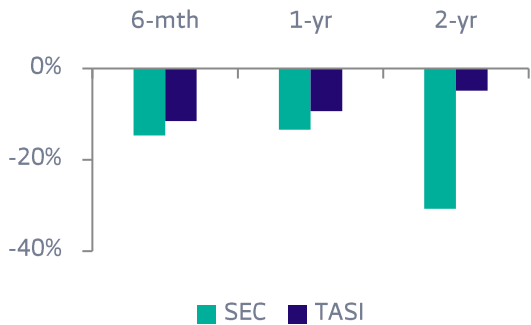


Market Data	
52-week high/low	SAR 17.94/13.72
Market Cap	SAR 60,666 mln
Shares Outstanding	4,167 mln
Free-float	18.76%
12-month ADTV	1,435,497
Bloomberg Code	SECO AB



Growth Potential Intact

August 19, 2025

Upside to Target Price	27.1%	Rating	Buy
Expected Dividend Yield	4.8%	Last Price	SAR 14.56
Expected Total Return	31.9%	12-mth target	SAR 18.50

SEC	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	27,722	22,379	24%	19,500	42%	26,407
Gross Profit	7,351	5,167	42%	2,874	156%	6,443
Gross Margins	26%	23%		15%		24%
Operating Profit	6,758	5,589	21%	2,348	188%	6,393
Net Profit*	5,284	4,345	22%	968	446%	4,783

(All figures are in SAR mln)

* Before deducting Mudaraba Instrument.

- SEC reported a robust +24% Y/Y topline growth in 2Q, just above our SAR 26.4 bln forecast, on the back of a rise in regulated asset base, higher energy production and increase in new business portfolio.
- Gross profit strengthened even further, rising by +42% Y/Y to SAR 7.4 bln as gross margins expanded to 26% versus 23% last year. As there was an increase in provision for receivables and higher G&A, operating profit grew at a lower +21% Y/Y to SAR 6.8 bln. Net profit (before Mudaraba) witnessed a decent +22% increase Y/Y to SAR 5.3 bln, beating our SAR 4.8 bln forecast on higher-than-expected revenues and better margins. To fund the capital expenditure requirements, the Company has increased its total debt to SAR 167 bln, leading to a rise in financing costs.
- On the operational end, SEC managed to add almost 110k new subscribers, taking the total number of subscribers to 11.4 mln. The distribution network has further expanded to 827k circuit kilometers. Power generation capacity connected to grid now stands at 94.2 GM (+6% Y/Y), of which SEC owns 60%. Generation projects pipeline is strong with 23.4 GW of new capacity under development across 11 projects.
- We continue to believe in the long-term growth story of SEC, which we believe offers excellent entry opportunity at current price. We re-iterate our Buy recommendation with a SAR 18.50 target price.

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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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