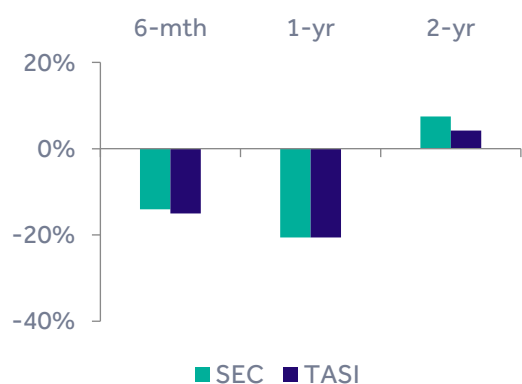


Market Data	
52-week high/low	SAR 27.85/21.04
Market Cap	SAR 91,674 mln
Shares Outstanding	4,167 mln
Free-float	18.76%
12-month ADTV	1,730,690
Bloomberg Code	SECO AB



Net Income Surges in 4Q

March 16, 2023

Upside to Target Price	10.2%	Rating	Neutral
Expected Dividend Yield	3.2%	Last Price	SAR 22.00
Expected Total Return	13.4%	12-mth target	SAR 24.50

SEC	4Q2022	4Q2021	Y/Y	3Q2022	Q/Q	RC Estimate
Operating Revenue	16,396	15,577	5%	22,750	(28%)	16,128
Gross Profit	3,080	2,561	20%	7,496	(59%)	2,355
Gross Margins	19%	16%		33%		15%
Operating Profit	2,724	1,334	104%	7,192	(62%)	2,345
Net Profit*	1,740	(506)	-	6,375	(73%)	1,043

(All figures are in SAR mln)

* Before deducting Mudaraba Instrument.

- For the full year 2022, revenues were up +4% Y/Y to SAR 72.1 billion on the back of an increase in the demand as well as the rise in the number of subscribers by 3.9% Y/Y to 10.9 million. The transmission network also increased by 1.7% Y/Y while the Fibre Optic network went up by 2.0% Y/Y. Bottomline witnessed a 5.2% rise Y/Y to SAR 15.1 billion.
- For 4Q, Revenues improved by +5% Y/Y to SAR 16.4 bln, in-line with our SAR 16.1 bln forecast while gross profit also witnessed a 20% Y/Y growth to SAR 3.1 billion. We would attribute this to growth in the demand for electric power but also an increase in balancing account amounts
- Operating Profit more than doubled Y/Y to SAR 2.7 bln likely due to higher other income.
- Net income before Mudaraba Instrument came in at SAR 1.7 bln for the quarter, reversing a loss from last year but down -73% Q/Q (due to seasonality). There has been a change in classification of SEC's interest in IPPs to JVs rather than joint operations resulting in higher income from them. Bottomline exceeded our expectations on better margins as well as extraordinary items. We adjust our target price to SAR24.50 but maintain Neutral rating.

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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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