

| Market Data | |
|--------------------|----------------|
| 52-week high/low | SAR 17.9/13.0 |
| Market Cap | SAR 70,040 mln |
| Shares Outstanding | 4,167 mln |
| Free-float | 18.76% |
| 12-month ADTV | 1,632,011 |
| Bloomberg Code | SECO AB |

Margins Continue to Positively Surprise

May 13, 2026

| | | | |
|-------------------------|------|---------------|-----------|
| Upside to Target Price | 1.1% | Rating | Neutral |
| Expected Dividend Yield | 4.2% | Last Price | SAR 16.81 |
| Expected Total Return | 5.3% | 12-mth target | SAR 17.00 |

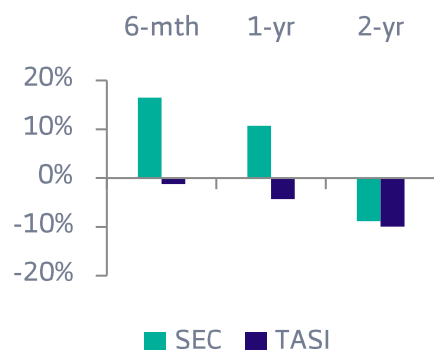
| SEC | 1Q2026 | 1Q2025 | Y/Y | 4Q2025 | Q/Q | RC Estimate |
|------------------|--------|--------|-----|--------|-------|-------------|
| Sales | 21,336 | 19,500 | 9% | 23,948 | (11%) | 21,897 |
| Gross Profit | 3,806 | 2,874 | 32% | 3,103 | 23% | 3,219 |
| Gross Margins | 18% | 15% | | 13% | | 15% |
| Operating Profit | 3,172 | 2,348 | 35% | 2,959 | 7% | 2,769 |
| Net Profit* | 1,833 | 968 | 89% | 1,391 | 32% | 1,321 |

(All figures are in SAR mln)

* Before deducting Mudaraba Instrument.

- Saudi Energy posted a robust +9% Y/Y growth in topline to SAR 21.3 bln, in line with our SAR 21.9 bln forecast, on the back of an increase in electricity demand (population and consumption growth). The regulated asset base grew while the subscriber base continued to expand with the company printing a 11.6 mln number versus 11.5 mln as of 4Q2025.
- Gross profit grew by +32% Y/Y to SAR 3.8 bln on better efficiencies and a superior revenue mix. There was a remarkable expansion in gross margins by 310bps to 17.8%, we were expecting gross margins similar to last year. Capital expenditure declined by -16.5% Y/Y to SAR 16.7 bln. Net finance costs were down -5.5% Y/Y to SAR 1.33 bln (possibly due to finance expense capitalization) with total debt now at SAR 195 bln. Operating profit experienced a +35% Y/Y incline to SAR 3.2 bln as other income improved while a decline in impairment losses also contributed.
- Net income for the quarter came in at SAR 1.8 bln, a massive +89% growth over SAR 968 mln last year largely on the back of margin expansion and lower operating costs.
- We continue to remain constructive on the Company's long-term prospects on the back of demand growth and improving efficiencies. While we raise our target price to SAR 17.00, the rating has been downgraded to Neutral as the stock price has rallied 18% since our last report on March 8th. Dividend yield north of 4% remains attractive.

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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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