

March 08, 2026

## Margins Expand Y/Y

Upside to Target Price 12.5%  
 Expected Dividend Yield 4.9%  
 Expected Total Return 17.4%

Rating Buy  
 Last Price SAR 14.22  
 12-mth target SAR 16.00

Market Data	
52-week high/low	SAR 16.5/13.0
Market Cap	SAR 59,249 mln
Shares Outstanding	4,167 mln
Free-float	18.76%
12-month ADTV	1,558,204
Bloomberg Code	SECO AB

SEC	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	23,948	22,112	8%	31,047	(23%)	25,900
Gross Profit	3,103	1,421	118%	7,458	(58%)	518
Gross Margins	13%	6%		24%		2%
Operating Profit	2,959	(4,122)	-	6,895	(57%)	243
Net Profit*	1,391	(5,273)	-	5,332	(74%)	(988)

(All figures are in SAR mln)

\* Before deducting Mudaraba Instrument.



- The freshly rebranded Saudi Energy reported a +8% Y/Y quarterly rise in revenues for 4Q to SAR 23.9 bln, below our expectations of SAR 25.9 bln. Full year 2025 topline witnessed a +15% Y/Y growth to SAR 102 bln driven by a strong growth in the regulated asset base (RAB) coupled with +7.9% increase in quantity sold. The electricity production revenue also witnessed growth and the subscriber base grew to 11.5 mln from 11.3 mln.
- Gross profit inclined by more than doubled Y/Y to SAR 3.1 bln as gross margins expanded to 13% for 4Q2025 versus 6% in 4Q2024 and our conservative estimate of 2%, which reflects better operating efficiency and a stronger revenue mix. Capital expenditure was up +67% Y/Y in FY 2025 to SAR 88.2 bln. Financing charges were +18% higher in 2025 as total debt grew to SAR 176 bln to fund business expansion while other income was lower (as there was a positive non-recurring item in 2024).
- Net income for 4Q was reported at SAR 1.4 bln versus a loss last year and full year 2025 net income of SAR 12.9 bln was up +89% Y/Y. Excluding the extraordinary items in FY2024, net profit grew by +7% Y/Y in FY2025.
- The board has declared a DPS of SAR 0.70 for 2025, in line with previous years. We reduce our target price to SAR 16.00 but we are positive on the long-term prospects of the Company and continue our Buy recommendation. Dividend yield of 4.9% is 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](mailto:research@riyadcapital.com)

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