

August 05, 2020

One-off Item Leads To Losses

Upside to Target Price	8.4%	Rating	Neutral
Expected Dividend Yield	4.5%	Last Price	SAR 15.68
Expected Total Return	12.9%	12-mth target	SAR 17.00

Market Data	
52-week high/low	SAR 21.60/14.42
Market Cap	SAR 65,339 mln
Shares Outstanding	4,167 mln
Free-float	18.78%
12-month ADTV	1,624,701
Bloomberg Code	SECO AB

SEC	2Q2020	2Q2019	Y/Y	1Q2020	Q/Q	RC Estimate
Operating Revenue	16,668	16,520	1%	11,398	46%	16,185
Gross Profit	739	1,821	(59%)	(1,179)	-	1,942
Gross Margins	4%	11%	(10%)	(10%)	-	12%
Operating Profit	350	1,933	(82%)	(1,272)	-	1,845
Net Profit	(869)	789	-	(2,441)	(64%)	663

(All figures are in SAR mln)



- During 2Q2020, operating revenue marginally increased primarily driven by continued growth in customer base. Although overall consumption volume remains stable as a result of the lockdown measures.
- Cost of sales rose by +8% Y/Y on the back of higher consumption from lower margin residential segment due to a change in sales mix, which led to an increase of SAR 477 mln in government fee costs.
- SEC reported a net loss of SAR (869) mln, below our expectations and market consensus of SAR 663 mln and SAR 713 mln respectively, as result of recording a settlement of fuel dues differences to Saudi Aramco of SAR 597 mln relating to the supply of light fuel oil rather than heavy fuel oil.

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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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