

Market Data	
52-week high/low	SAR 22.42/14.42
Market Cap	SAR 78, 832 mln
Shares Outstanding	4,167 mln
Free-float	18.78%
12-month ADTV	3,153,306
Bloomberg Code	SECO AB



Return to Stability

October 29, 2020

Upside to Target Price	(10.1%)	Rating	Neutral
Expected Dividend Yield	3.7%	Last Price	SAR 18.92
Expected Total Return	(6.4%)	12-mth target	SAR 17.00

SEC	3Q2020	3Q2019	Y/Y	2Q2020	Q/Q	RC Estimate
Operating Revenue	20,517	20,831	(2%)	16,668	23%	20,836
Gross Profit	3,151	3,760	(16%)	739	326%	3,750
Gross Margins	15%	18%		4%		18%
Operating Profit	3,368	3,854	(13%)	350	862%	3,813
Net Profit	2,201	2,679	(18%)	(869)	-	1,975

(All figures are in SAR mln)

- During 3Q2020, operating revenue has return to stability as we expected, since the consumption from government, commercial, industrial sectors has resumed due to easing of the COVID-19 related precautionary measures.
- Cost of sales rose by +2% Y/Y, mainly attributable to higher purchased power costs and provisions. Consumption has also increased from lower margin residential segment due to a change in sales mix.
- As a result, gross margin contract by -300 bps, from 18% last year to reach 15% during this quarter. While the gross profit reached SAR 3.1 billion.
- SEC reported a net profit of SAR 2,201 mln, down by -18% on yearly basis, as result of recording higher purchased power, provisions and higher finance charges. SEC net income beat our SAR 2 billion forecast.

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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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