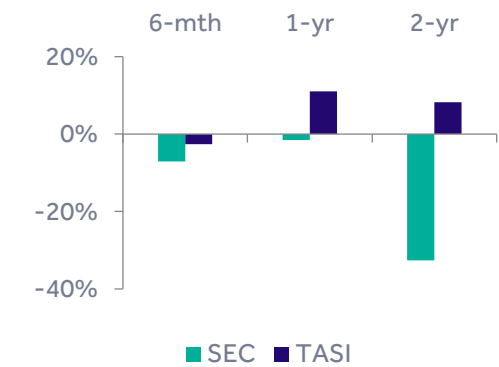


Market Data	
52-week high/low	SAR 20.64/16.04
Market Cap	SAR 70,999 mln
Shares Outstanding	4,167 mln
Free-float	18.76%
12-month ADTV	1,446,895
Bloomberg Code	SECO AB



Higher WACC, RAB and Demand Lead Growth

November 10, 2024

Upside to Target Price8.6%

Expected Dividend Yield4.1%

Expected Total Return12.7%

RatingLast Price12-mth target

NeutralSAR 17.04SAR 18.50

SEC	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Operating Revenue	28,316	23,799	19%	22,379	27%	25,703
Gross Profit	8,757	7,744	13%	5,167	69%	6,657
Gross Margins	31%	33%		23%		26%
Operating Profit	8,284	7,185	15%	5,589	48%	7,063
Net Profit*	6,898	5,844	18%	4,345	59%	5,946

(All figures are in SAR mln)

* Before deducting Mudaraba Instrument.

- Saudi Electricity’s witnessed another stellar growth in topline with revenues rising +19% Y/Y to SAR 28.3 bln with equally impressive bottomline growth. The increase in regulatory WACC coupled with a higher regulated asset base (RAB) have positively impacted revenues Y/Y. Rising demand and a higher subscriber base (+248k new subscribers in 9M2024) has helped while revenues from development projects for SEC customers are also contributing. Grid peak load rose by +5.8% Y/Y to 74.8 GW in 9M2024 while electricity consumption inclined by +5% to 256 TWh.
- Gross profit went up by +13% Y/Y to SAR 8.8 bln, although gross margins contracted on a yearly basis from 32.5% in 3Q2023 to 30.9% this quarter. However, gross margins have expanded sequentially. Capex for the nine months is up +34% to SAR 39.7 bln (SAR 14.6 bln in 3Q) from generation, transmission, distribution and general projects. SEC’s directly owned capacity at 56.9 GW, represents nearly two-thirds of total capacity.
- SEC reported an impressive +18% Y/Y growth in net profit to SAR 6.9 bln, beating our SAR 5.9 bln forecast on both higher revenues and margins. It is pertinent to note that 3Q2023 was negatively affected by non-recurring expenses. Management has noted a rise in provision for receivables from electricity subscribers. Post Mudaraba instrument, the profit was SAR 4.7 bln for the quarter. We tweak our target price from SAR 18.00 to SAR 18.50. The stock has faced a tough 2024, down almost -10% YTD, underperforming the TASI.

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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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