Result Flash

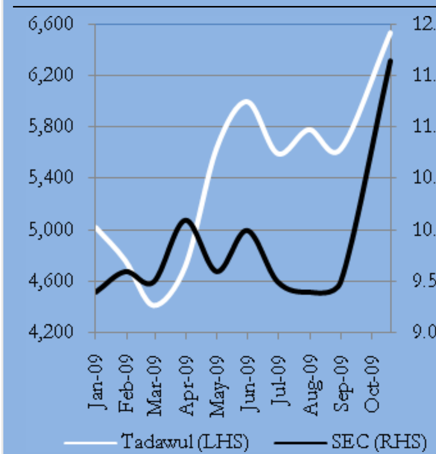
Saudi Electricity Company– 9M/2009 Review

Market Data

Bloomberg Code:	SECO AB
Reuters:	5110.SE
CMP (20 Oct 2009):	SR11.7
O/S (mn):	4,166.6
Market Cap (SRmn):	48,540.9
Market Cap (US$mn):	12,944.2
Price/EPS 2009e (x):	38.8
Price/BVPS 2009e (x):	1.0

Price Performance	1-Yr
High (SR):	11.7
Low (SR):	8.9
Average Volume:	2,397,082

Share Price Performance



Source: Zawya

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- **Saudi Electricity Company (SEC)** recorded encouraging quarterly performance posting net profit increase of 15.3% (from SR1,500mn in 3Q08 to SR1,731mn in 3Q09), which also resulted in nine-monthly profitability rise of 11.0% (from SR1,510mn in 9M08 to SR1,674mn in 9M09). Overall, the company's improved results can largely be attributed to better control over its expenses and higher seasonal demand during the period.

- As we await the detailed financial results for more elaborate analysis, we have not yet revised our estimates and expect the company to post net income growth of 9.0% in FY09.

(all figs. in SR mn, unless stated)	3Q08	3Q09	*YoY*	9M08	9M09	*YoY*
Sales	7,209	7,882	*9.3%*	17,168	18,360	*6.9%*
Gross profit	1,644	1,833	*11.4%*	1,719	1,858	*8.0%*
Operating income	1,545	1,716	*11.1%*	1,352	1,441	*6.6%*
Net profit	1,500	1,731	*15.3%*	1,510	1,674	*11.0%*
EPS (SR)	0.36	0.42	*15.3%*	0.36	0.40	*11.0%*
Fixed assets (SR bn)	111	132	*18.5%*	111	132	*18.5%*
Total assets (SR bn)	141	161	*13.8%*	141	161	*13.8%*

Source: Tadawul & Company reports

- SEC's quarterly revenues showed an increase of 9.3% (from SR7,209mn in 3Q08 to SR7,882mn in 3Q09) that led to nine-monthly sales growth of 6.9% (from SR17,168mn in 9M08 to SR18,360 in 9M09). The top-line progress coupled with better control over the expenses led to higher gross profit results on both quarterly and nine-monthly basis (from SR1,719mn in 9M08 to SR1,858mn in 9M09).

- The improved results were well translated into operating income increase of 11.1% (during 3Q09) and nine-monthly rise of 6.6% (from SR1,352mn in 9M08 to SR1,441mn in 9M09), which then also resulted in bottom-line profitability growth of 11.0% to SR1,674mn in 9M09.

- As the company undertook various projects initiatives to fulfill the electricity demand in the Kingdom, the company's fixed assets showed (YoY) increase of 18.5% (from SR111bn in 9M08 to SR132bn in 9M09) and YTD growth of 11.5%.

- Overall the total assets recorded an annual increase of 13.8% (from SR141bn in 9M08 to SR161bn in 9M09) and YTD growth of 10.8% (from SR145bn in FY08 to SR161bn in 9M09).

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